Austria	Sch24	Indonesia	Rp3100	Philippines	Pes40
Bahrain	Din0.700	Iran	Rls210	Portugal	Esc130
Belgium	BFr55	Israel	Shk3.50	Qatar	QR8.50
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmrk	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.500	Spain	Pts165
Finland	FM8.50	Lebanon	L£650.00	Sweden	SKr12
France	FFr7.50	Lux	LFr55	Switz	SFr2.50
Germany	DM2.60	Malaysia	M$4.25	Thailand	Bht50
Greece	Dr150	Morocco	Dh6.50	Tunisia	Din0.850
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L3400
Hungary	Ft167	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr160	Norway	NKr12.00		
India	Rs15	Oman	OR1		

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CZECH INDUSTRY

Subsidy cuts spell an uncertain future

Page 2

World News

Peres failure seen as blow to early peace talks

Labour Party leader Shimon Peres failed to form a new Israeli government in a blow to prospects for early peace talks with the Palestinians. Two religious deputies humiliated him by walking out of his coalition at the last moment. Page 20

Nuclear gun seized

A bid to smuggle to Iraq the barrel of the world's biggest gun, capable of firing a nuclear shell, was foiled by UK customs officers in Middlesbrough, north-east England.

Bush backs students

President George Bush issued an executive order barring deportation of Chinese students from the US to spare them possible punishment at home.

Japan protests

The Japanese Embassy in Monrovia protested at the arrest of one of its diplomats by Liberian security men who forced their way into the embassy without permission, Ambassador Hirosuke Oshima said.

Bombay explosion

Forty people were injured when a bomb ripped through a train standing at a suburban railway station in the Indian city of Bombay. Police said the device was similar to two which exploded in New Delhi on Tuesday. Kashmir warning, Page 20

Haughey jeered

Irish Prime Minister Charles Haughey was jeered by loyalist protesters during a visit to Belfast. But he received a standing ovation from the Ulster businessmen he went to address. Page 20

Policeman murdered

An escaped convict killed a West German policeman near Aachen, took two pregnant women hostage and fled across the border to Belgium in a stolen taxi. The women were later freed unharmed.

Belgian hope dashed

Hopes of early freedom for four Belgians seized in 1987 were dashed. The Fatah Revolutionary Council ruled out their release unless Belgium freed a Palestinian jailed for bombing an Antwerp synagogue. Iran pressure, Page 4

Colombia car bomb

A car bomb which exploded outside a police barracks near Colombia's cocaine capital of Medellin was reported to have killed 11 people.

Detectives held

Two Dutch detectives have been arrested on suspicion of large-scale drug dealing, the Amsterdam public prosecutor said. They had been under surveillance for six months.

Rocket blasts off

An Atlas-E rocket roared into space from Vandenberg, California, carrying three small scientific satellites on a $22m mission aimed at improving military communications and aiding navigation.

Mecca quotas stay

Saudi Arabia said quotas for the annual Moslem pilgrimage to Mecca would remain in force, making an Iranian boycott likely for the third year in succession. Page 4

Nepal deadline set

Nepal's opposition groups warned they may not be able to contain public anger if King Birendra does not meet demands for reform by the weekend. Page 4

Mother Teresa quits

Mother Teresa, 79, who won the Nobel Peace prize for helping the destitute, particularly in Calcutta, has resigned as head of her worldwide charitable organisation. The Vatican said she was retiring for health reasons.

Business Summary

SmithKline Beecham to issue up to $1bn in shares

THE two senior executives at SmithKline Beecham, the UK-based pharmaceuticals and consumer-products company, received combined remuneration of £3.25m last year, a 151 per cent increase on their total for 1988 — putting them among the highest paid managers in British industry.

The company's annual report, released yesterday, also disclosed plans to issue between $500m and $1bn of special preference shares in the US. Page 21

MARKETS: After a buoyant start on the back of a surprisingly robust US Treasury market, a rising dollar and better than expected results from Motorola (Page 24), equities slipped back to register small losses at midsession, while in Tokyo early gains were erased in the last hour of trading as the yen weakened again against the dollar. Back page, Section II

THE European Commission has launched a preliminary inquiry into international telephone prices within the Community following a Financial Times investigation showing that telephone users are being overcharged by more than £6bn ($9.84bn) a year. Page 20

BRITISH Empire Securities and General Trust, the £93m ($152.52m) investment trust, is spinning off its French property holdings into the newly-formed French Property Trust. Page 30

ONNO RUDING, former Dutch Finance Minister, is leading in the competition to head the planned multinational bank to help the recovery of eastern Europe, according to high-level Dutch sources. Page 2

CANADA will shortly unveil a strategy for converting the General Agreement on Tariffs and Trade into a fully fledged world trade organisation, its Trade Minister, Mr John Crosbie, said in Geneva. Page 3

MITSUBISHI of Japan has established a wholesale business with President Enterprises, a local retailer to meet growing demand by local consumers. Page 3

UK contracting companies are worried that their chance of sharing in a $2bn river development project in Lesotho may be jeopardised by the Export Credits Guarantee Department's refusal to give them a firm cover commitment. Page 3

ML Laboratories shares, UK healthcare group listed on the Third Market, rose after the company announced progress in sugar molecules which in test-tube studies have shown action against the Aids virus.

US Capital spending after adjusting for inflation is expected to rise by 7.6 per cent in 1990, a sharp increase from the expected 4.9 per cent rise, the Commerce Department said. Page 5

COMMERCIAL vehicle sales in the UK fell by 11.45 per cent in March to 32,043, continuing the sharp decline in demand that began in the final quarter of last year. Page 8

CMB Packaging, Europe's largest packaging business reported a 17 per cent rise in net profits to FFr947m ($166.7m). Page 22

FRANCE tabled plans to change Renault car group into an ordinary state-controlled company so that Volvo, its new Swedish partner, can take a 25 per cent stake. Page 22

APRICOT Computers of the UK is to sell its computer hardware division to Mitsubishi Electric of Japan for £39m ($63.96m) in cash. Page 21

MEXICO will offer 500,000 hectares of its national mineral reserves to domestic and foreign investors during the rest of 1990. Page 5

Estonia faces clash with Moscow over independence

By John Lloyd in Tallinn, Estonia and Lionel Barber in Washington

THE Baltic republic of Estonia yesterday set itself on a collision course with Moscow by delivering a stinging response to Mr Mikhail Gorbachev's demand that it rescind its declaration of independence made on March 30.

A message to the Soviet President, voted through yesterday by 75 of the 105 deputies in the pro-independence parliament in Tallinn, demands immediate talks between delegations from Moscow and Estonia on restoring the independence and legal government of Estonia.

"We urge you to make public the official position of the Soviet Government and also the timetable for talks," it says.

At the same session, where some Russian-origin deputies boycotted the vote, the Supreme Soviet, or parliament, defeated a law replacing military service in the Soviet Army with community service. However, local council officers are already accepting applications from Estonian draftees for this alternative form of duty.

The tiny republic – the smallest in the USSR with 1.6m citizens, of whom 35 per cent are non-Estonian and mainly Russian – can now expect the same pressure as has been exerted on Lithuania. Earlier this week, Mr Gorbachev's presidential council said further political and economic measures would be used to bring Lithuania to heel.

In the US yesterday, President George Bush came under pressure from leading Baltic-Americans to recognise the Lithuanian Government.

The Baltic-American delegation pressed Mr Bush and Mr James Baker, US Secretary of State, to grant de facto recognition of the Landsbergis Government as an interim step towards full diplomatic ties, but were unable to persuade them to take that step.

Mr Bush met Baltic Americans in a one-hour White House session which signalled the first official contact between the President and Baltic representatives who have been pressing for a meeting since January, well before the constitutional crisis in Lithuania erupted.

Mr Bush, who is under congressional pressure to be more critical of Soviet intimidation tactics in Lithuania, said he was haunted by the experience of Hungary in 1956, when Soviet tanks crushed the anti-communist uprising and the West stood helpless.

Mr Bush and Mr Baker, however, showed interest in steps towards de facto recognition, according to Baltic-American leaders. Options include expanded government contacts at lower levels, recognition of the legitimacy of the recent election in Lithuania and statements on the legitimacy of the Vilnius government.

In Tallinn, meanwhile, Mr Ulo Nugis, the Speaker of the Estonian Soviet, told parliament that the Estonian president had been summoned by Mr Gorbachev to a meeting in Moscow on Saturday. Mr Nugis

Continued on Page 20

Soviet Democrats insist on right to stay in party; UK and Moscow divided over Nato, Page 2

Rising stocks of oil push down prices in volatile dealings

By Steven Butler in London

WORLD oil prices fluctuated wildly yesterday in extremely volatile trading, falling to their lowest levels for more than a year in Europe – although they later showed signs of stabilising in New York.

The speed and sharpness of the decline, which has taken $2.50 off a barrel of oil in a week, has caught oil traders and analysts by surprise. There was talk yesterday of a change in market psychology that could undermine prices in the months ahead.

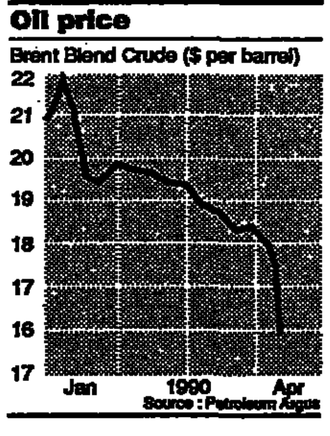
Oil markets have come under heavy pressure in response to rising stock levels around the globe. Storage facilities in the US and Europe are reported full while tankers of oil from the Middle East are steaming toward port.

The price of a barrel of oil in the May futures contract on the New York Mercantile Exchange plunged by $1.43 to $16.25 in yesterday morning's trading, but recovered by early afternoon, to close at $18.065. Brent oil for prompt delivery fell below $15 a barrel, though it closed at $15.90, down 60 cents on the day.

Many analysts had been saying that a collapse in oil prices, of the type seen in 1986 and 1988, was very unlikely because of strong demand and a decline of surplus production capacity. However, the sharp price falls of recent days are undermining this view and could cause companies to be more cautious about holding oil stocks.

"There is no turn around in sight in the near future," said Mr Geoff Pyne, of London stockbrokers UBS Phillips & Drew. "There is no point in buying cash barrels if you've nowhere to put them."

Oil price



"The system is now full. There is nowhere else to put the oil and there is still quite a lot of oil on the water," said Mr Stephen Turner, of Smith New Court, a London stockbroker.

Sustained weakness in crude oil costs would eventually lead to lower gasoline and other energy prices and would help to stem inflationary pressure.

Yesterday's decline was touched off by a report late Tuesday from the American Petroleum Institute that US crude stocks had risen by 8.1m barrels last week, bringing total stocks to 371m barrels, 45m higher than a year ago. US refinery runs have been cut due to maintenance programmes, leaving little possibility that stocks will be drawn down quickly.

Oil production by members of the Organisation of Petroleum Exporting Countries is believed to be running at about 24m barrels a day; 2m barrels above Opec's self-imposed production ceiling.

Most of the over-production is accounted for by Kuwait and the United Arab Emirates. However, Saudi production is also running up to 400,000 barrels per day over quota in what analysts believe is an attempt by Saudi Arabia to preserve its 24.5 per cent share of Opec output.

Saudi Arabia has recently cut its prices in some markets relative to traded marker crudes, for which price quotations are available. This was seen as a response to earlier price reductions by Iraq and Venezuela. The competitive reductions tend to undermine the market as sellers strive to maintain market share.

Traders said that only firm action by Opec to cut supplies to the market was likely to bring the price up. However nothing concrete was expected from Opec before the scheduled May 25 ministerial conference.

There was speculation that Kuwait was happy to see weak prices going into the meeting in order to derail attempts by some Opec members to lift the Opec reference price to $20 a barrel.

Kuwait is concerned that sustained strong oil prices will stimulate non-Opec production while restraining oil consumption.

Although many analysts still expect prices to strengthen considerably in the year, this week's price plunge will lead many to reexamine ideas that Opec production was approaching capacity.

Prospects for Soviet supplies, Page 34

French economic policy wins approval

By Ian Davidson and George Graham in Paris

FRENCH economic policy is given a warm endorsement in the report of the Organisation for Economic Co-operation and Development published today. The report concludes that the past six years of monetary and fiscal rigour and economic liberalism are paying off.

It notes that the franc has become one of the strongest currencies in the European Monetary System, as was underlined by last week's small cut in French interest rates while West German rates remained unchanged.

Over the past three years, France has steadily narrowed its inflation gap with West Germany from 4 percentage points at the beginning of 1987, and in the last six months, according to yesterday's Bank of France annual report, has eliminated it entirely.

Growth has repeatedly surpassed expectations, and the French finance ministry last week increased its own forecasts for the next two years, to 3.2 per cent growth in 1990 and 2.8 per cent in 1991.

At the same time, outside economists are showing their approval of the French Government's determination to maintain a strong franc and a low inflation rate. The OECD, the international body which groups 25 of the world's leading industrialised nations, is the latest to echo this praise.

The report says that France should outperform the OECD average in both growth and inflation in the current year. It also argues that worries over France's visible trade deficit are exaggerated.

OECD heaps praise on French economic policy, Page 2

Curb on bank secrecy rules is proposed

By Robert Graham in London

MAJOR limitations on bank secrecy are being proposed by 15 leading western nations in a move to clamp down on money laundering.

The aim is to hold banks responsible for checking on their clients and passing information to the authorities, a policy already incorporated into recent legislation in France, the US and UK.

The limitations on bank secrecy form part of 40 proposals agreed by a task force set up at last year's summit in Arche, France, by the Group of Seven leading industrial nations to examine ways of combatting money laundering. The task force estimates that profits from drugs and other criminal activities worth $80bn are being laundered annually in the US and Europe.

The task force consists of Canada, France, West Germany, Italy, Japan, the UK and the US – all of the G7 – and Australia, Austria, Belgium, Luxembourg, the Netherlands, Spain, Sweden and Switzerland.

Outlines of the proposals were disclosed in London yesterday during the final day of the world ministerial drug summit by Mr Denis Samuel-Lajeunesse, a French Treasury official who headed the task force.

The proposals are grouped under three headings of criminal law, banking law and international co-operation. Criminal law is to be harmonised to ensure that money laundering is amply covered as an offence both domestically and across frontiers. Banking laws will be adjusted to oblige banks to check a client's identity.

This means banks will have a responsibility to know the ultimate beneficiary of an account and to be aware where and to whom transfers are being made. The task force considered adopting techniques being tried in the US, whereby money transfers are electronically tagged through the system, but ruled them out as too costly.

Banks will also be made more accountable for dealings with subsidiaries and other institutions in offshore financial centres and tax havens to limit the latters' ability to act as a shield for illegality.

Mr Samuel-Lajeunesse denied that bankers were being turned into policemen. However, in future they are liable to be penalised for failing to pass on information to the authorities.

Britain has 13 bilateral agreements permitting mutual exchange of information and allowing bank secrecy to be waived where there is a proven or suspected criminal link. The largest multi-national co-operation effort so far to curb money-laundering was last October's arrests in London, Paris and Tampa of officials connected with the Bank of Credit and Commerce International (BCCI) handling Colombian drug money.

A senior US official at the drugs summit said that current investigations into the Colombian drug trade had led to the freezing of some $400m in banks and that a further $330m had been identified.

Drug summit agrees on moves to curb demand, Page 5

Tough California anti-smoking campaign funded by smokers

By Martin Dickson in New York

THE state of California yesterday launched one of the most aggressive anti-smoking campaigns yet seen in the US with a series of tough television, radio and newspaper advertisements – all of which will be paid for by smokers themselves through higher tobacco taxes.

The move will give additional momentum to a nationwide anti-smoking campaign which has been gathering pace in recent months, notably at federal level, where Mr Louis Sullivan, the Health and Human Services Secretary, has roundly attacked tobacco companies for advertising pitched specifically at blacks and women.

The Californian campaign, which includes blacks, women and teenagers among its target audiences, is designed to counter the glamorous image given to smoking by cigarette company advertising. It portrays the tobacco industry as cynical and exploitative.

In one television advertisement, a tobacco executive draws cynical gales of laughter from his colleagues in a smoke-filled room as he discusses how to recruit more smokers.

"Forget all that cancer-heart disease, emphysema and stroke stuff," he says. "Gentlemen, we're not in this business for our health."

The campaign, which will cost nearly $30m and run over 18 months, is being funded by a cigarette tax, approved in a state-wide referendum in November 1988. This raised the tax on a packet of cigarettes from 10 cents to 35 cents, among the highest in the nation.

The referendum, sponsored by medical and healthcare groups, stipulated that part of the tax revenues be used for education on the dangers of smoking.

However, the Tobacco Institute, an industry lobbying body, hit back yesterday, complaining that "California is making smokers pay for their own harassment." A spokesman forecast a backlash against the campaign.

Only one other state, Minnesota, uses part of its tobacco taxes to campaign against smoking, and its efforts are small scale and confined to print.

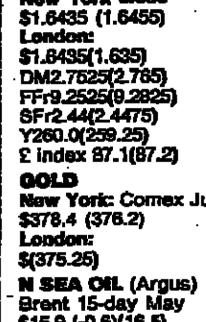
Smoking peaked in the US in 1982 and is declining steadily – it was down 6 per cent last year – but sales are dropping more slowly among blue collar workers, women and blacks.

In one of the Californian television advertisements, developed by the Los Angeles agency Keye-Donna-Pearlstein, a young black performs a rap song with the words: "We used to pick it. Now they want us to smoke it."

Another targets so-called secondary smoking – the inhalation of fumes by non-smokers: as a man smokes, fumes billow from the mouth of his pregnant wife.

CONTENTS

Patience and pragmatism pay off for Greek Prime Minister



Mr Constantine Mitsotakis (left) has been criticised for being too cool and unflappable, but his patience has paid off as he takes the reins in Greece. Now he faces the country's worst economic crisis in years. Page 2

MARKETS

STERLING
New York close
$1.6435 (1.6455)
London:
$1.6435(1.635)
DM2.7525(2.785)
FFr9.2525(9.2825)
SFr2.44(2.4475)
Y260.0(259.25)
£ index 87.1(87.2)

GOLD
New York: Comex Jun
$378.4 (376.2)
London:
$(375.25)

N SEA OIL (Argus)
Brent 15-day May
$15.9 (-0.6)(16.5)

Chief price changes yesterday: Page 21

DOLLAR
New York close
DM1.6705 (1.675)
FFr5.616 (5.627)
SFr1.4785 (1.4828)
Y157.9 (157.55)
London:
DM1.6745 (1.6905)
FFr5.63 (5.6775)
SFr1.4845 (1.4965)
Y158.2 (158.55)
$ index 68.3 (68.6)
Tokyo close: Y158.5

US Lunchtime Rates
Fed Funds rates
3-mo Treasury Bills:
yield: 8.0%
Long Bond:
$99\frac{3}{16}$
yield: 8.57%

STOCK INDICES
FT-SE 100:
2,215.5 (-2.0)
FT Ordinary:
1,733.3 (+0.8)
FT-A All-Share:
1,096.61 (-0.1)
New York close
DJ Ind. Av.
2,729.73 (-1.35)
S&P Comp
341.61 (-0.46)
Tokyo: Nikkei
30,213.53 (-184.4)

LONDON MONEY
3-month interbank:
closing $15\frac{3}{16}$ ($15\frac{5}{8}$)
Life long gilt future:
June 90.3 ($91\frac{1}{16}$)

OECD heaps praise on French economic policy

By Ian Davidson in Paris

THE FRENCH economy has surpassed expectations since 1987 and should continue to perform well for the next couple of years, according to a remarkably favourable endorsement of the country's economic policy by the Organisation for Economic Co-operation and Development.

France should have lower inflation and higher growth than the OECD average this year for the first time since 1970, according to the OECD's annual assessment.

If the economy has done well, says the OECD, it is not just because of a benign international environment, but also because of the stable and coherent policies which French governments have pursued since 1983.

Despite the deflationary effects of high and rising real long-term interest rates, the slowdown in the French economy is likely to be less marked than elsewhere in the rest of the OECD area, and it should register growth of around 3.1 per cent this year and 2.8 per cent next.

The report underlines the fact that during the past two years the French economy has repeatedly outperformed the predictions of most forecasters, including those of the OECD, in terms of growth, exports, fixed investment and private consumption.

Strikingly, the report plays down the significance of the trade deficit. French commentators and politicians regularly express concern at the steady deterioration in recent years of the visible trade balance, and in particular at the steep decline into deficit of the trade balance in industrial goods.

The OECD admits that the deficit in manufactures is a pointer to problems in competitiveness, as measured by labour costs and manufactured export prices. But it takes the view that traditional French anxiety has perhaps been excessive.

It points out that the industrial deficit is due in part to the rise in imports of investment goods; that there are more favourable prospects as a result of the investment boom and the decline in French inflation; and that the increased industrial deficit has been offset by a bigger surplus on services, especially in tourism, with the result that the current account deficit has remained small in relation to GDP at less than 0.4 per cent.

A more serious manifestation of the supply side difficulties of the French economy, says the report, is the persistence of a high level of unemployment. This remains one of the highest in the OECD area, at 9.3 per cent, despite the creation of 250,000 jobs in each of the past two years, and is only expected to decline very slowly this year and next.

The centrepiece of the OECD's approving assessment is directed at the cornerstone of French economic strategy, the policy of "competitive disinflation": the avowed goal of reducing inflation to slightly below the lowest levels recorded by partner countries, thereby allowing substantial and sustainable growth.

This policy has been carried out partly through steady reductions in the budget deficit, year after year, but even more by a deliberately tight monetary policy aimed at guaranteeing a strong and stable franc within the European Monetary System.

In contrast with France's historic reputation as a soft currency country, the recent hard franc policy has steadily narrowed the inflation differential with West Germany, and by the end of last year had almost eliminated it.

Mitsotakis' patience pays off at last

Mr Constantine Mitsotakis (above), the leader of Greece's Conservative New Democracy party, was sworn in yesterday as Prime Minister, together with a 23-member cabinet, writes Kerin Hope. He said his Government which depends on support in parliament from one deputy of the small centre-right Democratic Renewal party, intended to serve a full four-year term "since this is what the country needs."

"We are in deep social and economic crisis and must make up for lost time," he added, promising that there would be no purges of civil servants appointed during eight years of Socialist rule.

Mr George Souflias, the Economy Minister, will oversee measures to reduce last year's record public sector deficit totalling 22 per cent of gross domestic product. Mr Ioannis Palaiocrassas takes over as Finance Minister with a brief to implement a controversial new tax law.

The Foreign Ministry goes to Mr Antonis Samaras, 38, but European Community issues will be handled by his deputy, Mr Efthymios Christodoulou, 57, a senior European Parliament member.

A surprise appointment was that of Mr Mikis Theodorakis (above), the composer and former Communist deputy, who becomes Minister without Portfolio. His duties were not announced.

IN THE volatile world of Greek politics where enthusiasm often overtakes commonsense, Mr Constantine Mitsotakis, the new Conservative Prime Minister, is sometimes criticised for being too cool and unflappable.

It has taken four election battles, three of them in the past 10 months, but his patience and pragmatism have finally paid off: the Conservatives are back in power after a gap of more than eight years.

On Sunday night, when it became clear that the Conservative New Democracy would win 150 of the 300 seats in parliament, Mr Mitsotakis moved quickly. In order to form a government, he secured the backing of a former rival for the Conservative leadership, Mr Costas Stefanopoulos, whose centre-right Democratic Renewal splinter group won a single seat.

Although his political skills are highly appreciated, Mr Mitsotakis, 71, is still seen as an outsider by some senior members of New Democracy, which he has led since 1984.

It is not just that he comes from the island of Crete, which has a tradition of fierce independence and political clannishness. Mr Mitsotakis' own background is liberal, not conservative.

His education was paid for by his uncle, Mr Eleftherios Venizelos, the liberal statesman who brought Greece into the First World War on the Allies' side and later made friends with Lloyd George during the Paris peace conference. After studying law and economics in Athens just before the Second World War, he joined the resistance on Crete when Greece was occupied by the Nazis. He had a brief stint in journalism, running the Venizelist newspaper in Hania, his birthplace in western Crete, before being elected to parliament as a liberal in 1946.

Mr Mitsotakis switched to the Centre Union party in the early 1960s, where he first came up against Mr Andreas Papandreou, then a newcomer in his father's cabinet. As ambitious young ministers, they seemed bound to clash, but it was Mr Mitsotakis who gained a reputation for opportunism by defecting with a group of deputies in 1965. The centrist Government of Mr George Papandreou collapsed, opening the way for the military dictatorship two years later.

It was not until 1978 that Mr Mitsotakis joined New Democracy. But he was quickly appointed Economy and then Foreign Minister by the then Prime Minister, Mr Constantine Karamanlis, with whom he had shared exile in Paris during the colonels' regime.

By Kerin Hope in Athens

He won the party leadership on the strength of his perceived ability to confront Mr Andreas Papandreou's Socialist Government. The two however, patched up their feud after Mr Papandreou's election defeat last June and were on first-name terms while they supported the all-party coalition of the past five months.

Mr Mitsotakis must be hoping that the mood of consensus will last as he tackles Greece's worst economic crisis in years. Although he can call on a few old hands, almost a decade in opposition has left the Conservatives with little experience of current western European political reality.

Foreign Ministry officials say one of Mr Mitsotakis' first tasks will be to convince Brussels that Greece will become a more responsible EC member as it repairs the economy and tries to make up for delays during the months of political uncertainty, in preparations for the single market.

At home he will be under pressure to prove that the Conservatives have moved with the times and that the old-fashioned patronage system, based on *rousfetia*, or awarding jobs and contracts in return for political loyalty, is being replaced by a true meritocracy.

Consumer prices leap by 2.8% in Sweden

By Robert Taylor in Stockholm

SWEDEN'S consumer price index rose by 2.8 per cent last month. So far this year prices to the consumer have risen by 6.5 per cent. The underlying annual rate of inflation is now running at 11.2 per cent, the worst for Sweden since 1981 and the highest of any western industrial country.

The further deterioration in the economy threatens to provoke serious labour unrest. Within an hour of the announcement of the price increase, the PTK, which represents white-collar workers in private industry, was demanding pay talks with employers. The current national wage agreement allows for negotiations to be re-opened if the consumer price index for this year tops 4 per cent.

In the mistaken optimism of early 1989 both employers and unions had assumed that the index would not reach that level until the autumn. However, the employers have recently insisted there can be no more wage rises this year.

The main blue-collar confederation, the LO, has already declared a virtual state of war against its traditional allies, the ruling Social Democrats, because of the tough austerity package the Government agreed to introduce in partnership with the Liberals.

The Central Statistical Office said the higher than expected jump in prices last month was due primarily to the the Government's decision to increase the rate of indirect taxation on many goods and services. As much as 1.5 per cent of the rise was due to this.

● Sweden's balance of payments deficit worsened in February by SKr3.1bn (£310m), making a year-on-year deficit of SKr38.6bn.

UK and Moscow still divided on Nato issue

By Robert Mauthner in Moscow

BRITAIN AND the Soviet Union agree that the unification of Germany must go hand-in-hand with creation of new structures embracing East and West Europe, for which the groundwork should be laid by the end of this year.

However, after two days of talks here between Mr Douglas Hurd, the Foreign Secretary, and Soviet leaders, it was clear that the two sides still disagree about Nato membership for a united Germany.

Confirming reports after the recent meeting between Mr James Baker, the US Secretary of State, and Mr Eduard Shevardnadze, his Soviet opposite number, Mr Hurd said Moscow was no longer insisting that a united Germany be neutral. But it continued to reject its membership of Nato.

In Mr Hurd's meeting with President Mikhail Gorbachev on Tuesday, the latter repeated Mr Shevardnadze's acceptance of the proposals for a new east-west European framework under the aegis of the 35-nation Conference on Security and Co-operation, made by Mrs Margaret Thatcher, the British Prime Minister, two weeks ago.

It is clear, however, that Moscow sees these new structures as ultimately replacing the Nato and Warsaw Pact, while Britain wants them to deal essentially with non-military matters such as political consultation, economic reforms, conciliation machinery, and furthering democracy and human rights.

At a news conference before leaving for Leningrad, the last stop on his Soviet visit, Mr Hurd indicated that he appreciated Soviet concerns about Germany and that it was necessary to reassure Moscow that German unity would not lead to instability in Europe.

In an article for the Brussels-based magazine "Nato's 16 nations", made public yesterday, Mr Shevardnadze said he favoured a thorough analysis of the option of German membership of both Nato and the Warsaw Pact.

Mr Hurd said he did not consider this Soviet proposal realistic, but that Britain was prepared to accept "an extended transitional period" during which Soviet troops would continue to be stationed in eastern Germany.

He also said he emphasised to Mr Gorbachev the importance of not hampering the free flow of news and information from Lithuania, a clear reference to the restrictions that the Soviet authorities have placed on foreign journalists' visits to and reports from the republic.

The Soviet President had stressed that a decision had been taken not to interrupt the flow of necessary materials and goods to Lithuania, in spite of the veiled official threat that Moscow would adopt economic measures to force Lithuania to abandon its declaration of independence.

Future of Kombinate disputed

By David Goodhart in Bonn

DISAGREEMENT over the best way to privatise East Germany's giant *Kombinate* (industrial conglomerates) emerged yesterday as one of the few substantive policy disputes within the newly-formed coalition Government.

The Social Democrats believe a large part of the share capital of the privatised companies should be held in trust for all citizens who, after a certain time, would be able to sell their shares. The Christian Democrats also say they want a "just solution" but one that would be more attractive for private industry.

Mr Harry Maier, a respected East German economist who moved to West Germany in 1985, writing in the newspaper Die Zeit, says that the "hole" in the banking system or the state budget created by writing-down corporate debts could be filled by the proceeds from land sales and privatisations.

He adds, however, that it is wrong to see the corporate sector's 260bn East German Marks of borrowings as "debts" in the normal sense as companies were not allowed to re-invest profits but had to hand over earnings and receive credits.

He disagrees sharply with the Bundesbank's recommended 2-1 conversion rate for wages and most savings. He says the lack of innovativeness of East German companies, not high wages, is at the root of the competitiveness problem and that the share of wages as a percentage of sales is only 8.8 per cent against 20 per cent in West Germany.

● Higher growth will bring the Bonn Government an extra DM4bn in tax revenue this year and over DM10bn next, according to Mr Manfred Carstens, state secretary in the Finance Ministry.

● Dutch economic growth will continue at a "fair" pace in 1991, thanks to German unity, but government finances will noticeably worsen, according to the Dutch Central Planning Bureau, writes Laura Raun.

Gross national product will expand 3 per cent next year, only slightly less than this year's 3.25 per cent rate. Export growth (excluding energy) will continue unabated at 6.5 per cent in 1991, the same as this year, as Dutch goods are sucked into a buoyant Germany.

But the higher interest rates generated by plans for German monetary union will curb Dutch investment growth and fuel inflation.

Ruding 'tipped' for reconstruction bank

THE FORMER Dutch Finance Minister, Mr Onno Ruding, is leading a hotly contested race to head the planned multinational bank to help the recovery of eastern Europe, according to high-level Dutch sources, writes Laura Raun in Amsterdam.

He already has at least nine countries behind him in the race against Mr Jacques Attali, the French presidential adviser, for presidency of the European Bank for Reconstruction and Development, the sources said.

That was more than Mr Attali could count on, they contended, adding that French nervousness was evident in Paris' insistence on the European Community deciding the presidency.

The 12 EC member states, together with the European Investment Bank and the European Commission, will own 51 per cent of the new bank, which will be capitalised at Ecu10bn (£7.4bn). Another 28 countries, including the US, Japan and Soviet Union, also are participating in the bank.

The Dutch argue that all 42 shareholders must choose the president but they claim a lead even within the EC. They also believe they have firm backing from the US, which will own 10 per cent of the bank, and Japan, which will have an 8.5 per cent stake.

Mr Ruding has more practical experience in international banking and finance than his opponent, while the French already hold several key international posts.

PARIS — JACQUES ATTALI

MR JACQUES ATTALI, 46-year-old special adviser to French President François Mitterrand, ought by rights to have an excellent chance of being appointed, writes Ian Davidson in Paris.

It was he who dreamed up the idea of a new bank for eastern Europe, who persuaded the French Government to promote it, and who has chaired the international negotiations to settle its statutes and terms of reference. By rights, the bank is his brainchild.

Moreover, Mr Attali has abundant claims to the brand of intellectual brilliance which is so admired in France. He has been special economic adviser at the Elysée, and France's Sherpa in the preparation of the annual economic summits of the Group of Seven leading industrial nations, ever since President Mitterrand was first elected in 1981.

But until that date, he seemed set for a glittering academic career, on the basis of a *cursus honorum* which followed all of the most prized institutions reserved for the charmed inner circle of the French elite: Ecole Polytechnique, Corps des Mines, Sciences Po', Ecole Nationale d'Administration (ENA), Conseil d'Etat and Paris University IX-Dauphine.

In addition to his duties at the Elysée, Mr Attali has proved an astonishingly prolific author, with 14 books published in the past 17 years, mainly solemn intellectual economic or social science treatises, but also including one novel in 1989 which won a *Grand Prix du Roman*.

AMSTERDAM — ONNO RUDING

IF AT first you don't succeed, try, try again. So Mr Onno Ruding, the former Dutch finance minister, is trying again to win the top job at a big international institution against a flamboyant Frenchman, writes Laura Raun in Amsterdam.

Four years ago the dour Dutchman lost out to France's Mr Michel Camdessus in a race to head the International Monetary Fund, a failure which provoked a national identity crisis in the Netherlands.

A 50-year-old fiscal hardliner, Mr Ruding made a name for himself by reining in the runaway Dutch budget deficit during his seven-year stint as Finance Minister. A conservative, he left office last November when his Christian Democratic party formed a new centre-left coalition with the Socialists.

The tall, lean, bespectacled Dutchman has much international experience. He formerly headed the IMF's policy-making interim committee and has worked with the World Bank, the Asian Development Bank, the African Development Bank and the European Investment Bank.

In recent months Mr Ruding has become an instant expert on eastern Europe. He could be expected to exert the same fiscal discipline on eastern European borrowers as he did on fellow ministers' budgets.

If Mr Ruding loses again he may have consolation prize. He has also been mooted as a candidate to head the new Amro/ABN bank if merger plans go through.

Bulgarians seek debt moratorium

By Judy Dempsey

THE BULGARIAN authorities want to postpone all debt repayments for up to two years and to start repaying their short-term debt by 1994.

Mr Belcho Belchev, the country's Finance Minister, who is visiting London, said he was optimistic that the debts could be stabilised by the mid-1990s but, in the meantime, fresh credits were vital.

Bulgaria faces repayments totalling $3bn this year. Mr Belchev said that about $300m of this had already been paid through raising new credits.

Problems arose when the Foreign Trade Bank, which accounts for 85 per cent of the country's gross debt of $10bn, suspended all repayments, except interest, owed to western financial institutions.

Expected repayments totalling $800m owed to Bulgaria had failed to materialise. "We received only $100m." Most of the outstanding debts are owed by Iraq, Syria and Libya.

"We now need $1.5bn to see us through 1990," he explained, adding that Bulgaria had received credit lines worth $600m from Spanish, Italian, French and Austrian financial institutions. Negotiations are taking place with Japanese and French financiers.

Although Mr Belchev blamed part of the problem on Mr Todor Zhivkov, who was ousted from power last November, he said the present leadership would have to shoulder some of the responsibility.

"We found ourselves caught between the wasted investments of the old regime and the modernisation plans of the new leadership. Our economic reform programme is aimed at opening up the country to foreign investment," he said.

Top priority is a new joint venture law. This falls short of Hungarian and Polish legislation but Mr Belchev said that western investors would receive tax concessions and that each company would be judged on an individual basis, a reference to the delicate question of the repatriation of profits.

Soviet Democrats insist on right to stay in party

By Our Moscow Staff

LEADERS of the Soviet liberal Democratic Platform group insisted yesterday on their right to remain in the Communist Party, despite a threat by conservatives to purge them.

The DP movement looked split on whether to stay inside the CPSU and try to seize control at its July congress, or set up a rival political group. Prof Vyacheslav Shostakovsky, Rector of the CPSU's Higher Party School and a DP founder, rejected a televised attack on the group by the CPSU central committee. Radio Moscow's Interfax news service said he insisted the DP was fighting not against the CPSU but for its democratic renewal.

Tuesday's "open letter" from the central committee to Soviet communists charged that radical reformers were "placing themselves outside the party by rejecting the Soviet nation's socialist choice". In a reply careful to leave scope for continued dialogue, Prof Shostakovsky said the DP could not be accused of leading the party off course, since the course was still being debated.

Mr Igor Chubais, a prominent DP member whose expulsion by a local CPSU branch on Tuesday raised fears of a purge, told party members to leave outright and form a new political group. Prof Shostakovsky said some DP members might follow this advice, but there would be "unpleasant consequences" if many did quit. They would "just drift out of politics." Analysts said central committee hard-liners and the DP seemed to think an outright split was inevitable.

Walesa steps up campaign to oust Jaruzelski

By Christopher Bobinski in Warsaw

A MIXTURE of personal ambition and patriotic concern about Poland's future is driving Mr Lech Walesa, the Solidarity leader, to step up his campaign to replace General Wojciech Jaruzelski, the former Communist party leader, as President.

Contradictory statements first declaring that he wanted to replace the General, who still has over five years in office, and then denying this intention, show that Mr Walesa is testing the political waters.

Mr Walesa, who plays a dominant role in Poland but holds no formal government office, is entering the political stage as doubts are growing about the austerity programme. As frustration and impatience mount, many who see no alternative to the International Monetary Fund-approved package and hope it will eventually improve their lot want to sweep away the remnants of the Communist regime as symbolised by General Jaruzelski.

Mr Walesa and his supporters are appealing to these people when they talk of speeding up change and governing by decree. It is language which may go down well on the shopfloor, where real incomes have fallen by over 25 per cent, but it worries the Solidarity establishment.

Mr Walesa also knows that his chances of securing high office are diminishing. Opinion polls show that support for the Solidarity establishment is being eroded, and Mr Walesa is no exception. His personal rating has fallen from 92.8 per cent last November to 73.7 per cent last month.

By contrast Mr Tadeusz Mazowiecki, the taciturn Prime Minister put into place by Mr Walesa, has seen his ratings hold at 90 per cent in March, only 5 points down from last November. This could make Mr Mazowiecki, who is cautious but not devoid of political ambition, a contender for President.

For Czech steelworkers it wasn't much, but it was a job

Subsidy slashing has meant an uncertain future for bemused heavy industry workers, writes Leslie Colitt

DRIVING into the grimy steel town of Kladno east of Prague is like entering a nationalised version of Dante's Inferno.

Clouds of noxious smoke from the sprawling state-owned Poldi United Steelworks darken the sky for miles. Despite the health hazards, however, the belching smokestacks of Poldi has for decades meant guaranteed work for 20,000 people.

But the subsidy-slashing budget presented at the end of March by the free-marketeering Finance Minister, Mr Vaclav Klaus, means that Poldi and the rest of the country's over-extended steel and heavy engineering industries face an uncertain future.

Mr Ladislav Maly, Poldi's new commercial director, said modernisation of the sprawling plant – Czechoslovakia's largest producer of specialty steels – is urgently needed to improve quality, boost productivity and shed excess manpower.

"In the past 40 years we emphasised quantity and never quality. This has left its mark everywhere," he said.

Mr Maly, 59, began work as a labourer at Poldi after his father, a farmer, was jailed for three years for resisting collectivisation.

Founded in 1889 and nationalised in 1945, Poldi is waiting along with many other state-owned enterprises to become a joint stock company as soon as parliament passes the legislation. Their fate is in the hands of the Office of State Enterprise and Privatisation, set up last week in the Ministry of Finance.

Mr Maly said he would welcome a financial stake by a western company offering new technology or a joint venture in which Poldi would contribute the buildings and people. But first, the value of the property had to be re-assessed and the percentage of shares to be issued to employees had to be determined.

The Finance Ministry is against re-privatisation, arguing that the former owners often cannot be determined. But farming interests and other groups are pressing for claims from past owners to be allowed.

Demands by peasants on collective farms for their former land could set a precedent for companies. A further complication is the question of how far back to go in determining ownership. The bigger companies were already state-owned in October 1945, well before the wave of nationalisation that followed the communist takeover in February 1948.

A consensus exists that "strategic" companies and public utilities will remain in state hands. Up to 60 per cent of state-owned companies are to be converted into shareholding companies with 20 per cent of the shares issued to the public and the rest to institutions. State-owned small businesses are to be sold to private bidders.

Along with other important economic legislation, the law on privatisation has been held up because of internal conflicts within the Government. Rivalry between Mr Klaus and Mr Valtr Komarek, the first deputy Prime Minister responsible for economic policy, has been blamed.

Mr Klaus is pushing for swift action on austerity measures, including price rises for food and transport before the elections on June 8; Mr Komarek has urged caution because of the social impact of such moves.

A senior government adviser noted that the outcome was likely to be determined by the "castle" – President Vaclav Havel in Prague Castle whose own economic adviser, Mr Richard Wagner, has tended to take a cautious approach.

Mr Maly in Kladno, however, has more immediate concerns. In common with other companies, Poldi wants to conduct its own foreign trade, which is still handled by the Ferromet foreign trade organisation. "Why is the Ministry of Foreign Trade still necessary?" Mr Maly asks. Poldi had concluded co-operation agreements with Austrian, British and German companies which are waiting for approval. Even prices had been agreed.

Mr Vladimir Dlouhy, the deputy Prime Minister, explained that the Government was afraid that a more liberal foreign trade regime would lead to "disastrous consequences".

During the general strike last November against the Communist regime Mr Dlouhy and Mr Maly appeared on the same platform in Kladno. Mr Maly was on the strike committee at Poldi and Mr Dlouhy, then a deputy to Mr Komarek at the reform-minded Prognostic Institute in Prague, had come to speak to 10,000 cheering townspeople, including many steelworkers from Poldi.

The aim, they told the crowd, was to get rid of the Communist dictatorship and central planning which had run once-proud Czechoslovak industry into the ground.

Mr Dlouhy now insists that the Government must help industries that will suffer in the laborious restructuring of Czechoslovak industry. "I do not want to be socially cruel" he said.

But it is clear that many of the painful decisions he and Mr Maly will have to take will not be understood by the ashen-faced workers at Poldi.

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ECGD's tough line on cover may hit Lesotho contracts

By Peter Montagnon, World Trade Editor

UK contracting companies are worried their chance of sharing in a $2bn river development project in Lesotho may be jeopardised by the Export Credits Guarantee Department's refusal to give them a firm cover commitment.

With only 10 days before final bids are due on the project, ECGD has told them its capacity for covering risk in the region is limited and is operating on a first-come-first-served basis. It cannot, therefore, firmly reserve space for the Lesotho project before a contract is awarded.

Contractors say this means they will be unable to comply with bid terms specifying they should be accompanied by firm finance offers. UK bids may thus be declared ineligible and British companies may see their share of the work cut.

The project involves diverting Lesotho's Senqu river system through dams and tunnels to supply water at a rate of 70 cubic metres a second to the Vaal industrial triangle south of Johannesburg. Because South Africa will be the project's sole customer, ECGD regards it as a South African risk.

Among UK contractors who have joined a series of multinational consortia being formed to bid for the business, are Mowlem, Balfour Beatty, Nuttall, Sterling International and Kier. Taylor Woodrow International, which was interested initially, dropped out. Its chairman, Mr Walter Hogbin, said this decision had been taken for "straightforward commercial reasons" in which ECGD's attitude was a minor factor.

ECGD's first-come-first-served approach is not new, but exporters and bankers say it is being applied with fresh strictness to the Lesotho project, apparently as part of new ECGD rules designed to limit its risk of losses.

These rules, to be formally introduced from mid-year, will include higher premiums and cover rationing in markets where ECGD's insurance portfolio is concentrated. South Africa is one of six such markets, and ECGD has not been persuaded to modify its line, even though the World Bank is taking an active share in the project.

Bankers say this raises fears that ECGD will adopt a similar tough line towards Hong Kong, where it also faces heavy risk concentration. This would cause grave diplomatic problems, and jeopardise the UK's chances of winning a slice of large infrastructure projects there, including a new airport.

It also means contractors wishing to bid for large projects in such markets will increasingly have to depend on their lobbying power in Whitehall and, even Downing Street, to secure government financial support.

Mitsubishi Taiwan link-up

MITSUBISHI Corporation has established a wholesale business in Taiwan jointly with a local retailer to meet growing demand by local consumers, a Mitsubishi spokesman said yesterday, AP-Dow Jones reports from Tokyo.

The official said that the new company, set up with President Enterprises, is capitalised at Y300m (£1.2m), with Mitsubishi holding a 25 stake and President Enterprises 51 per cent.

The joint business also includes subsidiaries of Mitsubishi and President Enterprises, which hold a 10 per cent and 14 per cent stake, respectively.

Called RSI Corporation, the new company will begin selling food and other daily necessities at the wholesale level in July.

The spokesman said Mitsubishi made the move in view of the fast-growing retail network in Taiwan, as the republic"s increasing personal income stimulates consumer willingness to buy.

RSI Corporation is expected to achieve sales of Y7.2bn in its first year.

EC textile industry should keep growing, report says

By Alice Rawsthorn

THE EUROPEAN textile industry should be able to maintain steady growth and become more competitive against low cost imports after 1992, according to a new study by Airlie Associates, the management consultancy.

In the 1970s and 1980s the industry's development was dominated by the sharp increase in the level of textile and clothing imports coming into the European Community, mainly from Asia. The increase in imports has already had devastating consequences - in terms of job losses and capacity cuts - across the European industry.

Airlie suggests that the combination of increased demand within the Community and the trend towards higher quality products should enable European companies to be more competitive against imports in the 1990s. The level of import penetration will remain high, but the Europeans should be able to stave off the sharp increases that have been so damaging in the past.

One of the chief catalysts for the growth in demand will be the rising standard of living in the southern European countries - Spain, Portugal and Greece - that have recently entered the Community.

Airlie anticipates an increase in demand for textiles of up to 5 per cent a year in southern Europe. This increase should expand the overall market from $169bn last year to $180bn in 1992 and $190bn by the year 2000. The trend towards higher quality products, especially in southern Europe, should also produce an increase in fibre consumption per capita from 3.72kg in 1989 to 5.4kg by the end of the decade.

However the rate of growth will vary from sector to sector. Household textiles should be buoyant thanks to increased interest in interior design.

"Post-1992: European Textile and Garment Management Survey" is available from Airlie Associates, 80 Roewood Lane, Macclesfield, Cheshire SK10 2PQ for £1,950.

In changing Mongolia, British is still best

The Government insisted on a UK company to build a hotel, writes **Robert Thomson**

THE BRITISH reputation as a builder of colonies is still strong in Mongolia, where the Government has insisted on using British companies and British products for a hotel project seen as an important experiment in the country's opening to the outside world.

The Terelj Hotel, about an hour's drive from Ulan Bator, the Mongolian capital, is being built in the hope of a rush of tourists with harder currency than the east Europeans who have been the most common visitors to Mongolia in the 69 years since a Moscow-backed revolution.

Surrounded by yurts (tents) and in countryside where weather-beaten herdsmen walk slowly with roaming cattle, 30 Mongolian construction workers are building, under British supervision, a 72-room hotel that has taught the communist government much about the workings of capitalism.

The project was expected to cost £1.3m, but the failure of the company with which a contract was signed three years ago, Buckingham Caledonian, forced the Government to pump in more money and to find a new British contractor.

Early last year, after the failure, the state bank of Mongolia contacted Midland Bank in London and asked for help in finding a better-heeled British replacement. Last May, a contract was signed with Stemcor, a London-based steel and construction company. Mr Chris Stirling, Stemcor's project manager in Mongolia, said the failure of the first contract had become an important political issue.

The Mongolia party paper, Unen (Truth), has carried a long report analysing what went wrong and condemning senior bureaucrats from signing up with a small, under-financed capitalist company.

The Government has learned a lot from this experience. The newspaper article estimated that the final cost would be £3m.

Mr Stirling said Stemcor had agreed to build the hotel on an open-book basis, forsaking profit in the hope of further contracts in Mongolia, which has announced plans to overhaul the economy along state-controlled market lines.

Mr Stirling said the Government's fascination with British companies apparently stemmed from abiding images of Britain having developed countries such as India and Australia.

Mongolians are keen to leave behind their dependence on the Soviet Union, which accounts for about 90 per cent of total trade, and to whom Mongolia owes Rbs9.5bn. The Government and the powerful pro-democracy movement, more bluntly, complain that they have not got value for money from Moscow, and are irritated that the Soviet Union buys Mongolian meat and minerals well below world prices.

The Mongolian Government had demanded that all sourcing be done from Britain, as was agreed in the first contract, so Stemcor has shipped virtually all the building materials across Europe and into Asia by rail.

The hotel's design, by a Mongolian fine arts student, blends traditional architecture with the demands of a modern tourist hotel.

Mr Stirling has convinced Mongolian officials that local products are, in some cases, as good as imported materials, and, what is important for the limited Mongolian budget, cheaper. The first rooms are likely to open next month, in time for the tourist season.

Canada to unveil new strategy for Gatt

By William Dullforce in Geneva

CANADA WILL shortly unveil a strategy for converting the General Agreement on Tariffs and Trade into a fully fledged world trade organisation, its Trade Minister, Mr John Crosbie, said in Geneva yesterday.

The idea would be to establish a timetable to convert Gatt – whose present legal basis is no more than a provisional trade agreement – into an organisation, at the end of the Uruguay Round of multilateral trade negotiations in Brussels next December, he told a press conference.

A fundamental element in the proposal would be a new system of dispute settlement, which would eliminate delays and blockages, and be modelled on the US-Canada trade agreement, Mr Crosbie said.

He added that he had discussed the proposal in Geneva yesterday with Mr Arthur Dunkel, Gatt director-general, and would raise it again at an informal meeting of 28 trade ministers in Mexico next week.

Commenting on the idea yesterday, Mr Dunkel said it was important not to put the cart before the horse, and to concentrate first on obtaining substantial agreements from the Round.

There were still no real real points of convergence on key issues in the multilateral trade talks.

But, he declared, all the countries participating had reaffirmed their commitment to realise by July 31 the "profile" of a global package of agreements covering all 15 items under discussion in Gatt's Uruguay Round.

The Round is scheduled to end at the trade ministers' meeting in Brussels in December and an outline profile is needed this summer to enable detailed agreements to be struck by then.

Summing up an extended two-day stock-taking meeting of the Trade Negotiations Committee (TNC), the supervising body for the Round, Mr Dunkel singled out agricultural reform and the liberalisation of trade in textiles and clothing as two issues needing particularly intensive efforts over the next three months.

Vested interests in these areas were so strong that all governments had to take tough decisions to change their current policies.

Mr Dunkel said it was possible the Trade Negotiations Committee could meet in extraordinary session, if talks on crucial issues became blocked.

Mexico talks 'should boost Uruguay Round'

By Peter Montagnon, World Trade Editor

NEXT week's meeting of trade ministers in Puerto Vallarta, Mexico, should raise the political impetus behind the Uruguay Round of multilateral talks, which "is flagging a little bit", Lord Trefgarne, UK Trade Minister, said in London yesterday.

A number of issues remain on the agenda, "which can only be resolved if they receive the necessary political shove," he added.

Top of the agenda was reform of world agriculture, but other priorities included textiles and dispute settlement. The meeting, which opens next Wednesday afternoon, will bring together about 24 leading trade ministers, and Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade.

Though not a formal negotiating session in Gatt's Uruguay Round, it is seen as a means of paving the way for further top-level attention to the problems of the multilateral trade system, first at next month's ministerial meeting of the Organisation for Economic Co-operation and Development, and subsequently at the Houston economic summit in June.

Lord Trefgarne said a further task in Mexico would be to persuade developing countries, whose enthusiasm has been waning recently, to play a full part in the Uruguay Round. "That means they will have to make a contribution, but so of course shall we."

The UK felt the European Community could go "a bit further" on its present proposals for farm reform, but it stood firmly behind the EC position on textiles, he added.

Britain had a large textile industry important to Northern Ireland's economy. World trade in textiles could not be liberalised without tighter rules in Gatt.

Among other things, these would confer on members the right to impose selective import curbs on countries whose products were disrupting the market.

Denmark/Sweden bridge project wins support

By Hilary Barnes in Copenhagen

POLITICAL support is growing in Denmark and Sweden for building a road and rail bridge between the two countries.

This is likely to open the way for construction of a second bridge, across the Fehmern Belt between the southern Danish island of Lolland and the German island of Fehmern, creating a direct road and rail route between the Scandinavian peninsula and the rest of the continent.

Construction of a permanent link has been held up for generations by political indecision. But now Social Democratic parties in Denmark and Sweden have agreed that a bridge between Malmo and Copenhagen is desirable.

The main obstacle in building a permanent link between Denmark and Sweden was the failure of the Danes to agree to construct a third bridge, across the Great Belt which separates the island of Sjaelland from the Jutland peninsula. Priority was given to this bridge.

However, a road and rail bridge-and-tunnel link across the Great Belt is now under construction. and will be completed in 1997.

A bridge across the Oresund could be completed at about the same time, if preparations move promptly ahead.

Angola ready to start talks with Unita

THE Angolan Government has agreed to start peace talks with the Unita rebel group this month in Portugal, the Angolan state news agency Angop said yesterday, AP-DJ reports from Lisbon

In a dispatch released in Lisbon, the agency quoted Mr Venancio de Moura, Angola's Deputy Foreign Minister, as saying: "probably this month (and) next month, representatives of the Angolan government and elements of Unita will meet to discuss the internal problem."

Mr De Moura said first direct contacts would be held in Portugal, probably on April 16, with more talks following in the West African island nation of Cape Verde, Angop said.

He said that the site of the talks "cannot be an obstacle, because peace can be negotiated in any part of the world if the (negotiators) are interested in a determined objective".

The announcement follows the rebels' offer on Monday of an immediate cease-fire and other concessions.

Fighting has intensified in recent months and the rebels have stepped up urban bomb and sabotage attacks in the capital Luanda.

The Soviet-backed Marxist government has been fighting the rebels of the National Union for the Total Independence of Angola since shortly after the southern African nation gained independence from Portugal in 1975.

Nepalese opposition warns of unrest if demands are not met

NEPAL'S opposition groups warned yesterday they may not be able to contain public anger if King Birendra does not meet reform demands by the weekend, Reuter reports from Kathmandu.

"The people are angry. We have to meet the prime minister and the king by this weekend," said Mr Girija Prasad Koirala, General Secretary of the Nepali Congress party.

Politicians and diplomats said any further delay in agreeing significant changes would provoke more violence in the Himalayan kingdom, where police shot dead dozens of demonstrators in a vain attempt to crush a democracy movement.

The politicians, who won the first round of their battle when the absolute monarch lifted a 30-year ban on political parties on Sunday, want him to sack the Government and agree to a constitutional monarchy.

In one conciliatory move yesterday, Mr Pasupati Rana, the kingdom's Foreign Minister, said that the press, which has been tightly controlled for 30 years, would be freed and that a judicial committee would be set up to investigate "excesses" of the Government.

But though there are few outwards signs of anger in Kathmandu, the capital, Nepalese ranging from business executives to taxi drivers and students privately accuse the king of trying to preserve the status quo.

Diplomats said the king had been forced to back down by internal and international reaction to Friday's killings. They said he would have conceded more if leaders of the Movement for the Restoration of Democracy (MRD) had not immediately accepted the terms on offer.

Mr Koirala said his party had accepted the king's concessions to avert more deaths. "But any delay now will certainly ensure a bloodbath," he said.

He admitted the delay in persuading the Government to announce a new political system was eroding popular support for the liberal Nepali Congress, which allied with seven communist factions in the MRD.

He said his party was determined to reach an agreement with the communists at talks yesterday evening on what the opposition would demand from the king and Mr Lokendra Bahadur Chand, the Prime Minister. "This must be the last talks. Then we must meet the king and the prime minister by the weekend," he added.

Diplomats said the delay was partly caused by differences between the Nepali Congress and the communists over who should join an interim government to oversee a general election. The communists, who emerged as an important political force during the MRD campaign, demand the complete exclusion of Chand and his four-member cabinet.

France denies Maude line on passports

By John Elliott in Hong Kong

THE BRITISH Foreign Office Minister yesterday reiterated that European and other countries are preparing special right of entry schemes for Hong Kong citizens, but admitted that his claim that France was implementing a scheme for up to 1,500 people was only "based on newspaper reports."

Mr Francis Maude was speaking at the end of a five-day visit to the colony where he has tried to boost morale with free-wheeling statements about passports, Vietnamese boatpeople and other sensitive subjects.

On Tuesday he said France, Germany, Belgium and Luxembourg, were implementing or designing special passport or right of entry schemes to complement Britain's plan to give passports to 50,000 heads of household.

Local consuls of the countries concern denied any knowledge of such firm plans and French officials rejected Mr Maude's assertion they were "implementing a scheme to provide passports or right of entry for up to 1,500 employees of French companies and their families."

Yesterday Mr Maude admitted it was only his "understanding" France was "intending to put such a scheme into effect." He admitted the 1,500 figure was based on "what I have read in French newspaper reports." The figure seemed to be "based on people's assessments," he said.

Sharp fall in Chinese imports

By Our Foreign Staff

CHINA'S imports and inflation fell sharply in the first quarter of 1990 as the economy slowed dramatically, according to official data released in Peking yesterday.

Customs statistics showed imports dropped by 20.2 per cent to $7.3bn from January to March while exports rose 13.4 per cent to $8.95bn, giving a surplus of $1.6bn against a $1.2bn deficit in the same period in 1989.

Purchases of foreign cars, motorcycles, refrigerators, washing machines and television sets fell sharply, the official China Daily said.

Exports benefited from a 21 per cent devaluation of the yuan in December last year.

With payments on its $40bn of debt approaching a peak period, Peking is aiming for a sizeable trade surplus in 1990 after posting a $6.6bn deficit in 1989.

Other data released yesterday showed inflation in China's big cities fell to about a year-on-year 4 per cent by the end of March, its lowest since 1988. This compared with an annual rate of about 24 per cent in March last year. The State Statistical Bureau said price rises would be kept within an annual 10 per cent during the first half of 1990.

Economists said the central government would welcome the healthier trade balance and a lower cost of living produced by its 19-month-old austerity programme, but would have to loosen its monetary grip to stimulate industry and reduce unemployment. Li Peng, the prime minister, has already announced that yuan 50bn (£6.45bn) would be injected into the economy to resolve debt problems, but this and other possible steps to stimulate the economy are likely to renew inflation.

● China and Japan yesterday opened their highest-level meetings since Tokyo broke off contacts after the crackdown on China's student-led democracy movement last June. Mr Hisashi Owada, the deputy foreign minister, held talks with Qi Huaiyuan, his Chinese counterpart in Peking.

Mr Owada is due to meet Qian Qichen, China's Foreign Minister, today. Diplomats said Peking was expected to press Tokyo to resume official aid cut after the crackdown. At stake are loans worth Y810bn ($5.6bn) promised for 1990-95.

Peking closes cities to foreigners

CHINA HAS closed several towns in its northwest frontier region to foreigners amid unconfirmed reports of bloody riots between Moslem ethnic minorities and Chinese, Reuter reports from Peking.

A Xinjiang region spokesman, reached by telephone from Peking yesterday, gave the first official confirmation that Kashgar and other oasis cities along the old Silk Road had been closed to foreigners.

The spokesman dismissed as "rumour" western press reports that riots had broken out last week between Islamic minorities and Chinese in a town near Kashgar and that troops sent to quell them had killed around 50 people.

None the less the April 4 edition of the official Xinjiang Daily reported a crackdown on separatist activities in the region. It said the Communist Party had "comprehensively suppressed an illegal organisation bent on splitting the unity of the motherland" in Yili, an area along the border with the Soviet Union.

Accounts of riots near Kashgar could not be independently confirmed but, if accurate, described the worst violence seen in China since troops crushed democracy demonstrations in Peking on June 4.

About 15m people live in Xinjiang's mountains and deserts, half of them ethnic minorities sharing the Islamic faith with Moslems living across a long border with the Soviet Union's recently rebellious Central Asian republics.

The newspaper report did not say where or how the "illegal organisation" operated or how it was suppressed. The report was the first official indication of unrest in Xinjiang last week.

It blamed the trouble on "hostile foreign forces" and said that education had been strengthened among communist cadres and the broad masses to heighten vigilance against separatists.

Iran presses for release of all 17 hostages

By Scheherazade Daneshkhu and Victor Mallet

IRANIAN moderates have seized on the release of three Europeans by the Libyan-backed Fatah Revolutionary Council of Abu Nidal on Tuesday to press their case for the release of the 17 western hostages held by pro-Iranian groups in Lebanon.

It had been widely thought in the West that there was no connection between the Abu Nidal hostages and the rest, but this week both the FRC and the Iranian government linked the two groups.

Mr Walid Khaled, the FRC spokesman in Beirut, said the release of Abu Nidal's hostages (negotiations are continuing over a further four Belgians in FRC hands) was a prelude to the freeing of all western hostages. His organisation, he said, had made contact with pro-Iranian kidnappers.

Yesterday the Tehran Times, an Iranian newspaper which advocates the relatively moderate policies of President Hashemi Rafsanjani, welcomed the release of the three FRC captives and also expressed the hope that it would lead to the freeing of all hostages.

"The Islamic Republic has time and again announced its outright opposition to hostage-taking as the country finds it contradictory to Islamic teachings," the newspaper said. Most hostages in Lebanon are thought to be held by pro-Iranian Hizbollah cells.

The psychological climate for the release of the Beirut hostages has therefore improved in recent days, although Mr Rafsanjani is constrained by hardliners in the Iranian parliament and by the limited scope of Iran's influence over its fanatical Lebanese supporters.

Kidnappers also want financial or political rewards in exchange for their captives, something which the French and Belgians are prepared to grant but the British and the Americans are not.

Such hope as there is for the western hostages lies in President Rafsanjani's attempts to manoeuvre Iran back into the international community. A release of hostages would dramatically improve Iran's standing in the West, but he and the other heirs of the late Ayatollah Khomeini do not speak with one voice.

Mr Ali Akbar Mohtashemi, the hardline former Interior Minister said in February that the release of the hostages would go against Khomeini's wishes.

Mr Rafsanjani's desire to have the hostages freed is tied to domestic political considerations as well as foreign policy concerns. Iranian radicals, including Mr Mohtashemi (a former ambassador to Damascus), have asserted their independence by supporting their Lebanese allies from Syria. Mr Rafsanjani is anxious to exert his authority and bring all Iranian factions under the control of the central government.

Another important part of the equation is Mr Rafsanjani's attempt to secure Western credit for the revitalisation of the stagnant Iranian economy. Resentment about economic hardship is threatening to erode some of the government's traditional base of support, even among the Revolutionary Guards.

"We are the hostages," said one government employee and part-time taxi driver. "Fifty million Iranians are being held hostage because some clerics who are out of a job keep shouting their support for the Lebanese captors."

Liberian rebels release FT correspondent

By Michael Holman, Africa Editor

LIBERIAN rebels yesterday released Mr Mark Huband, a correspondent for the Financial Times, captured in a train ambush last Friday.

Mr Huband, 27, was set free near the Ivory coast town of Danane, a few miles from the border with Liberia. He was due back last night in the Ivory Coast capital of Abidjan, where he is based.

Rebels of the National Patriotic Forces of Liberia, who are seeking to overthrow the government of President Samuel Doe, ambushed the train in which Mr Huband was travelling early on Friday.

It was the first attack on the line, which links an iron-ore mine in Nimba County, north-east Liberia, with the port of Buchanan.

Mr Huband, who was planning to visit the Liberian Mining Corporation's mine at Yekepa, was at the rear of the train with two other passengers, when the rebels opened fire. The whereabouts of the two other passengers is not known, but they are believed to be unharmed.

The Front recently threatened to step up its campaign, which began last December, by attacking economic targets, including the railway. Fighting has been concentrated in Nimba County, and over 100,000 civilians have fled the conflict

Moroccan debt deal may take a long time to implement

By Stephen Fidler and Francis Ghilès

THE debt accord announced this week between Morocco and its leading creditor banks, envisaging a restructuring of the country's debt along the lines of the initiative launched last year by Mr Nicholas Brady, the US Treasury Secretary, is expected to take a significant time to implement.

The debt reduction elements of the agreement depend on a three-year extended fund facility from the International Monetary Fund. That cannot be put in place before next year and should by no means be taken for granted. Meanwhile a more conventional debt rescheduling will take place, which includes a reduction in interest payments – to a margin of 13/16 point from an average of about 1⅞ point – backdated to the beginning of last year.

The delay of the debt reduction options – scheduled to include a debt buy-back and an exchange of bonds for debt – will not dismay bankers, particularly those frustrated by over a year of often acrimonious talks with the Moroccans. None the less, the accord in principle is likely to satisfy the Moroccan Government and the agreement's sponsors – the French Government.

The agreement is the first Brady deal not have been negotiated before the implementation of an IMF strategy. Once the EFF is in effect, banks will also have the option to provide new money equivalent to 15 per cent of their exposure. The concessionary bonds for which the debt will be exchanged will carry a 12-month interest guarantee, but no apparent collateralisation of principal.

It is the fifth comprehensive accord under the Brady initiative – which shifted the focus of the international debt strategy away from new lending and towards a lowering of countries' debt burdens – to have been agreed between banks and middle-income debtor countries.

Deals have already been completed by Mexico and the Philippines, Venezuela announced an agreement in principle last month, while an agreement with Costa Rica is now awaiting disbursement of funds by the International Monetary Fund. A sixth country, Chile, has used resources from the IMF and World Bank as envisaged by the Brady initiative, to buy back some of its own debt at a discount to face value.

The negotiations with international banks over the past 18 months were lengthened in part by what bankers described as the cocky attitude of Mr Mohamed Berrada, the Minister of Finance. The minister announced, during the IMF annual meeting last September, the scenario for debt reduction under the Brady Plan as if it was a *fait accompli*, agreed by all the banks.

Bankers point out that the country's budget for 1990, as it stands at present, does not provide for conditions which would allow Morocco to meet the targets which would make it eligible for an Extended Fund Facility. Instead an IMF team is due in Morocco next week to discuss a shorter-term standby loan.

King Hassan of Morocco announced last month an austerity package prompted by the rising budget and current account deficit.

The country's trade deficit doubled to Dirham 18bn (£1.37bn) last year due to a trade dispute between the state phosphate company, Office Cherifien des Phosphates and India, which cost the former $400m, and a decline in textile exports to France. There was a 17 per cent surge in imports because of a rise in the cost of energy and strengthening of the Dirham.

Growth in workers' remittances of 5 per cent was slow, and followed declines of 18 per cent in 1988.

The Treasury deficit widened in 1989 to 5.7 per cent of GDP, 1.3 per cent above what had been forecast. This increase was due to higher investment spending, an increase in civil servants' salaries and a much slower growth than hitherto in fiscal tax receipts (14 per cent last year compared with 27 per cent in 1988).

Hamas requests part in PLO parliament

By Lamis Andoni in Amman

IN THE FIRST move of its kind since the intifada, the Palestinian uprising, more than two years ago, the Islamic resistance movement Hamas has asked to join the ranks of the Palestine Liberation Organisation (PLO), provided it is allocated 40 per cent of the seats in the Palestinian parliament in exile.

The demand was contained in a memorandum sent to PLO officials, who met here to discuss a new composition for the Palestine National Council, which represents nine Palestinian groups and independents.

Hamas, the organised Islamic movement which emerged in 1988, said that it deserves 40 per cent of the seats of the 400 seat chamber to reflect the size of its supporters among the Palestinians of the Israeli occupied Gaza Strip, and the West Bank.

PLO officials dismissed Hamas's request for such a sizeable representation but welcomed the movement's readiness to join the organisation's ranks.

Over the last two years Hamas, which is a strong force in the Gaza Strip, competed with the pro-PLO unified command to steer the uprising. But in the last few months, all PLO groups have actively sought to include Hamas in both the unified command and the PLO.

The request by Hamas indicated an unprecedented shift in its modus operandi. "Hamas was introducing itself as a separate and even competing organisation with the PLO, but now it seems to be moving towards the role of an opposition from within", a PLO official said.

But other analysts believe that Hamas, which opposes the PLO peace strategy, might have decided to try to join the organisation and unite with other opposition groups in an attempt to steer them to a more militant position.

Cartoon of Yassir Arafat in front of the Knesset

Mugabe strains loom

PRESIDENT Mugabe has formed a new government which could well strain relations with the former Zimbabwe African People's Union (Zapu), the party which merged with Zanu(PF) last December, reports Reuter from Harare.

The new cabinet announced this week, in the wake of a landslide victory for the ruling Zanu(PF) party in last month's elections, limits Zapu appointments to three ministers. One of the most influential Zapu officials has so far declined to accept the deputy ministerial post offered by Mr Mugabe.

Apart from a president and two vice presidents, there are 28 ministers and ministers of state in the new Government, a rebuff to suggestions from donors such as the World Bank that Mr Mugabe's Administration was too large.

Two ministries were merged but only one, the Sports Ministry, was abolished altogether.

Whites have done well in the reshuffle. Mr Chris Andersen, once Rhodesian Justice Minister under Mr Ian Smith, has been moved from Public Service to Mines. Mr Denis Norman, fired in 1985 as Agriculture Minister by Mr Mugabe in protest at the failure of whites to vote for Zanu, has returned as Minister of Transport and National Supplies, and a general practitioner, Dr Timothy Stamps, has been hired as Health Minister.

Although the former Zapu leader, Joshua Nkomo, will now be elevated from senior minister to the rank of vice president, his colleagues have fared less well. They will only have three representatives around the cabinet table, no increase on the previous government.

Mr Dumiso Dabengwa, considered to be the former party's second-most-influential figure after Mr Nkomo, was only offered the job of Deputy Minister of Home Affairs. It is a job he has so far declined to accept.

Mr Dabengwa is something of a folk hero in the western region of Matabeleland due to his exploits as a guerrilla leader in the independence war.

Australian Liberals axe top party people

AUSTRALIA'S newly elected Liberal Party leader yesterday axed seven top party members from the opposition line-up beaten by the Labor Party in Australia's March 24 election, Reuter reports from Canberra.

But Mr John Hewson, announcing his opposition spokesmen government, found space for Mr Andrew Peacock, who quit as party leader soon after Labor succeeded in winning a fourth consecutive three-year term.

Mr Peacock accepted the twin portfolio of shadow justice minister and attorney-general in a 32-member "shadow" government drawn from the Liberal and National coalition.

"It represents a very strong response to the call from all quarters for the need for a fresh start," Mr Hewson, a 43-year-old economist, said.

Mr John Howard, ousted as Liberal leader by Mr Peacock last May in a party coup, was also given a place in the new team as industrial relations spokesman. Mr Peter Reith, an economist, was named shadow treasurer.

Bhutto opposed

A PAKISTANI opposition deputy went to court yesterday to challenge Prime Minister Benazir Bhutto's right to office, Reuter reports.

National Assembly member Mr Amir Hussain petitioned Lahore high court for a ruling on a clause in the constitution that replaces one empowering the president to nominate a premier.

S Koreans caught in the middle of world electronics market

Lower-cost producers at one end and quality at the other are short-circuiting this success story, writes John Ridding

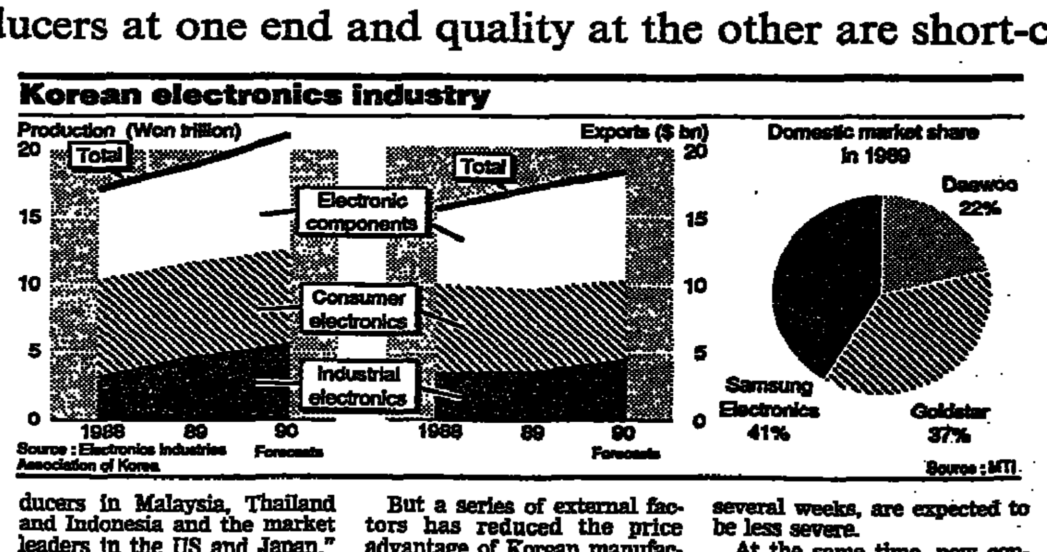
SOUTH KOREA'S electronics industry, one of the engines of the economy's rapid export growth during the 1980s, has lost much of its momentum.

Higher domestic costs, adverse exchange rate movements, protectionism and slowing demand in its principal markets and the emergence of competition from regional producers have cut growth in output as a whole from almost 20 per cent in 1988 to just 6 per cent last year.

Shipments of consumer goods, the largest single component of the industry, fell by almost 10 per cent and another difficult year is forecast for 1990.

The buoyant domestic market has kept overall production at near double-digit figures. But the tougher international environment has prompted increased pressure for a restructuring of the industry to ensure a successful transition to the next phase of development.

At the root of the challenge facing Korea's manufacturers is its position in international markets. "It is sandwiched between the new low-cost producers in Malaysia, Thailand and Indonesia and the market leaders in the US and Japan," according to an analyst at a US securities firm.



This uncomfortable position is nothing new to Korean electronics companies and has not prevented their spectacular growth. In the three years to 1989 the industry increased production by at least 20 per cent a year, lifting it to number six in the world in terms of total electronics output and to third place in the consumer electronics rankings.

But a series of external factors has reduced the price advantage of Korean manufacturers – their principal weapon in international markets – and caused them to fall back on a relatively narrow domestic market.

An easing of some constraints is expected this year. Wage increases are expected to be substantially less than the 20 per cent awards made last year and strikes, which shut down the operations at Goldstar, Korea's second-largest electronics manufacturer for several weeks, are expected to be less severe.

At the same time, new constraints have emerged. The semiconductor market, which has provided an engine of growth, for Samsung in particular, has entered the downward phase of its cycle. There is a general slowdown in demand in the US – the largest market for South Korean producers – and the threat of anti-dumping suits in both the US and the European Community looms over a number of products, including semiconductors.

Furthermore, although the won has depreciated by 4 per cent against the dollar so far this year, the yen has fallen much faster. As a result, the international price competitiveness of Japanese products has increased.

Faced with these trends, the government is pressing electronics manufacturers to adopt a multi-pronged strategy, the main elements of which are:

● Diversifying their markets away from dependence on the US and towards the EC, Asia and eastern Europe.

● Setting up production bases in overseas countries to take advantage of lower costs or to avoid protectionist barriers.

● Establishing own-brand names to reduce dependence on Original Equipment Manufacture (OEM) sales and to achieve higher margins.

● Increasing expenditure on research and development to reduce dependence on foreign technology.

● Shifting production towards higher value-added products, to reduce vulnerability to higher labour costs and to stay ahead of regional rivals.

In many respects, the implementation of these strategies is still at an early stage. Even Samsung, which last year succeeded Goldstar as the domestic market leader and which is generally regarded as the most sophisticated of the Korean companies, manufactures about 40 per cent of its consumer electronics for the likes of GE and Sony, and relies on the US for more than 40 per cent of its sales.

But there have also been significant successes. "Samsung surprised everyone last year by announcing it was ready to start volume production of 4M-bit Drams," said Mr Keunmo Lee of Barings Securities, "and has achieved highly competitive yields on its less powerful chips." Goldstar is becoming a household name, partly through a determined advertising drive.

In addition, overseas subsidiaries of the big three producers – Samsung, Goldstar and Daewoo – have mushroomed. Samsung now has 10 foreign operations, including one in Hungary. Such advances require substantial resources. Samsung, for example, will this year spend between 7 and 8 per cent of its Won4.7trillion ($6.7bn) sales on R&D, up from 6.3 per cent last year. This compares favourably with the 8.5 per cent average spent by Japanese producers.

The acquisition of technology also requires linkages with other international electronics companies. Samsung has announced it will co-operate with Hewlett Packard to manufacture powerful workstations and Goldstar received the technology to develop semiconductors from Hitachi.

The structure of some of the larger companies is also conducive to long-term growth. "They are vertically integrated, which improves co-ordination in product development and also provides some insurance against downturns in specific products."

But the re-shaping of the industry will be a difficult process. "Even some of the larger companies lack the resources and management sophistication to make the necessary adjustments," says a senior official at the Economic Planning Board. "And for the industry as a whole the outlook is for much more sedate growth than the rapid expansion we saw in the 1980s."

Sandinistas bow out with final budget

WITH only days left in power, Nicaragua's Sandinista Government has decreed a series of economic measures benefiting agriculture and state workers and devaluing the currency 4.88 per cent, **Reuter reports from Managua.**

The outgoing President, Mr Daniel Ortega, who hands over the Government to Mrs Violeta Chamorro on April 25, decreed that the minimum wage for state workers in April would be set at an equivalent of half the value of a basket of 29 basic products.

The new wage would mean an increase of about 400 per cent from current levels, putting the monthly wage at around 8m cordobas, or about $140 at black market rates.

Other measures said debts owed by peasant farmers to the state banking system for the 1988-89 harvest would be restructured over 10 years, with a six-year grace period on interest and principal payments and a 20 per cent annual interest rate.

The Sandinista administration also pardoned debts owed by state banks and the Government to the central bank for the purchase of agriculture equipment such as tractors.

Drug summit agrees on moves to curb demand

By Robert Graham

THE three-day world ministerial drug summit in London ended yesterday with the endorsement of a 35-point political declaration, which for the first time gives equal attention to reducing demand as well as curbing the supply of narcotics.

Drug-producing countries have long complained that too much emphasis was being placed upon curbing the supply of drugs. This shift towards a more balanced approach is expected to ease international co-operation.

The conference, attended by 112 nations, also marked a significant departure, with producer countries admitting their own serious drug abuse problems. At the same time East European countries committed themselves to become fully involved in the fight against drugs, observing the 1988 United Nations Drug Convention, whereas previously they had treated drug problems as a product of capitalism.

Mr David Waddington, British Home Secretary, said the results of the conference, sponsored by the UK and backed by the UN, provided practical guidelines to help combat drug abuse. Britain itself had earlier pledged increased aid of £26.5m over the next three years, especially helping developing countries in anti-drug education.

The political declaration calls for an early conference to discuss ways of tightening controls over the export of pre-cursor chemicals such as acetone to drug producing countries. The declaration suffered few important modifications during the conference.

It roundly rejected any move to decriminalise drugs. Nevertheless, widely differing views emerged on approaches to dealing with drug users. This was particularly the case of the *"soft" pragmatic* Netherlands policy of using means of social control rather than the police and the courts to handle them. No other nation went as far as the Netherlands in tolerating the use of cannabis.

Summing up as chairman, Mr Waddington said: "Sometimes it has been said that there has been a difference in attitude between producer and consumer countries.

"I've been west and I've been east, and I have found very few politicians who don't now recognise that drug consumption is a problem for them as well as for us."

Democrats in Texas resolve dirty campaign

By Lionel Barber in Washington

MRS Ann Richards, a reformed alcoholic who serves as state treasurer, survived one of the meanest campaigns in Texas political history to win the Democratic nomination for governor.

Dogged by allegations that she used cocaine and marijuana, Mrs Richards, 56, stepped into the gutter and eventually outslugged her opponent, Mr Jim Mattox, state attorney general. With virtually all precincts counted, she was leading 54-46 per cent.

"This has been a very difficult, very hard race," said Mrs Richards with uncharacteristic Texas understatement. She faces a tough battle in November against Mr Clayton Williams, a multi-millionaire oilman-rancher who is the Republican nominee and current favourite.

The Texas governership race has importance well beyond the state boundaries because of boundary changes. Texas stands to gain three or four new seats in the House of Representatives depending on the results of the 1990 census.

Mrs Richards' challenge will be to unite the fractious local party. Already, Mr Mark White, a former Texas governor who lost in the Democratic primary, has vowed never to support or vote for her again.

Mrs Richards rose to national prominence with a ripping attack on then-Vice President George Bush at the Democratic National Convention in which she said Mr Bush was born with a silver foot in his mouth. She would become the first woman governor of Texas since Miriam (Ma) Ferguson in 1932.

In terms of voter turn-out, the Democrats still hold an advantage. But the Republicans are growing steadily in number. If Texas remained in Republican hands, it would be a big blow to the Democratic Party which is seeking to wrest control of California and Florida, the other two main gubernatorial prizes this year.

Canadian Prime Minister Brian Mulroney, left, and President George Bush wind up to throw out the first pitch at the baseball game in Toronto between the Blue Jays and the Texas Rangers.

Capital spending in US to increase by 7.6 per cent

US CAPITAL spending after adjusting for inflation is expected to rise by 7.6 per cent in 1990, a sharp increase from the 4.9 per cent rise estimated three months ago, the Commerce Department said yesterday, **Reuter reports from Washington.**

The January-March survey of spending plans by businesses was another sign that the US economy would continue to grow, but at a slow pace after eight years of economic expansion.

The projected increase for this year would still be down from the 8.6 per cent gain in spending by businesses on plant and equipment in 1989, the department said. It would in fact be the lowest figure since 1987, when real capital spending increased by only 4.2 per cent. The 1988 gain was 8.9 per cent.

Mexico to sell part of its mineral reserves

By Alan Robinson in Mexico City

THE Mexican Government will offer 500,000 hectares of its national mineral reserves to domestic and foreign investors during the rest of 1990, Mr Alfredo Elias Ayub, Mining and Basic Industry Under Secretary, announced.

He said a similar amount of mining land was freed from state control last year. "By the end of this year the current government will have relinquished control over nearly 1m hectares," Mr Elias Ayub said.

The Mexican Mining Chamber calculates that a surface of about 2.2m hectares has been taken out of government control in the past eight years and that, by the end of 1990, the national mineral reserve will cover only 300,000 hectares.

Elias Ayub said concessions will be granted to Mexican investors and to foreign investors willing to take a minority position in a joint venture.

Energy, Mines and Parastate Industry Minister, Fernando Hiriart Balderrama, stressed in a later statement that the mineral reserves that go to the private sector "do not contain strategic or priority substances such as uranium."

He said President Salinas had ordered the "disincorporation" of 19 zones of the mineral reserves.

"Such measures, plus fiscal incentives and prompt and accessible credit support are making Mexico very attractive to foreign investors in mining," he said.

Elias Ayub said the government will continue to release mining deposits on land that has been left idle, in some cases for many years.

He promised government credits totalling 300bn pesos for Mexican firms willing to invest in mining.

Last year mining production slipped nearly one per cent, while other industrial sectors showed growth rates ranging from 1.4 to 8 per cent. However, the official forecasts say mining will grow by 2.1 per cent this year.

Mining companies have scheduled investment totalling $2.1bn over the next four years.

Judge urged to dismiss Barry charge

MAYOR Marion Barry's attorney is urging a federal judge to dismiss a cocaine possession and perjury indictment against the mayor, arguing that the Government "manufactured the crime" that produced Barry's January arrest, *Richard Keil of Associated Press reports from New York.*

In papers filed Tuesday, Barry attorney R. Kenneth Mundy also said a videotape that allegedly shows Barry smoking crack cocaine should not be used in the trial.

Mundy also asked the U.S. District Court to throw out grand jury testimony in which Barry allegedly lied about his drug use. Mundy argued that Barry had been assured he was not the target of a drug probe.

Barry faces an eight-count cocaine possession and perjury indictment that was returned several weeks after his arrest in an FBI sting operation. The mayor was arrested after allegedly being videotaped smoking crack cocaine in the downtown Washington hotel room of a female companion.

Privatisation gets go-ahead in Brazil

By John Barham in São Paulo

THE Brazilian Government has won congressional approval for its privatisation strategy, but Congress has claimed the right to veto individual sales. This is the first time Congress has approved a broad privatisation programme.

President Fernando Collor de Mello, who has pressed the case for privatisation aggressively, intends to sell companies worth $18bn during his five-year term. Altogether, the Government owns 179 companies with a net worth of $46bn.

Last year Congress threw out a similar proposal made by President José Sarney.

Federal officials and congressmen are sensitive to growing public demands that the Government cut its expenditure heavily after Mr Collor froze an estimated $115bn in private financial assets and raised utility prices and taxes to stabilise government finances.

The Government is now empowered to sell all federally-owned companies, except for giants such as Banco do Brasil, Petrobras, and the telephone and postal services.

Thrifts rescue operation in a mess

Anthony Harris assesses the unravelling of the US savings disaster

THE US Administration's rescue operation for the thrift industry – with its ever rising estimated costs – is in a mess. There is much activity by the Resolution Trust Corporation (RTC), the agency set up to resolve the crisis, and by the Justice Department, to get things moving, and there is now even talk of redrafting the whole rescue from first principles.

Whatever is done, and whatever new estimates of the damage can be made, it is clear that the disaster will significantly enlarge the US national debt and cast a shadow over the national real estate market for years.

Despite its huge scale – the Comptroller General, Mr Charles Bowsher, a man with an eye for headlines, last week introduced the word "trillion" into the discussion for the first time – this is still a regional problem, affecting a minority of the savings institutions.

According to Sheshunoff Information Services 1,925 – 62 per cent – of the nation's 3,083 thrifts are still profitable. Their 1989 earnings of $4.4bn were overshadowed, however, by the $23.4bn lost by the 38 per cent that were, to put it mildly, unprofitable. It used to be regarded mainly as an oil-belt problem but now more losses are being made outside.

Texas, at $6.2bn, accounts for more than a quarter of the damage, but five other states – Arizona, California, New York, New Jersey and Pennsylvania – accounted for twice as much between them.

According to Mr Bowsher the failed thrifts – including those under RTC management – are losing a further $29m a day, simply because it seems impossible to sell or close them. The RTC, which has so far "resolved" only 52 thrifts since it opened shop, has now promised publicly to liquidate another 140 of them in the next 90 days.

To do so, it has had to swallow part of its pride, and indeed part of its thrift. Bidders have been complaining that the RTC has been demanding quite unrealistic prices for institutions still exposed to large claims, but has also refused to unbundle the risky parts of the portfolio and offer a workable institution for sale.

This is one aspect of an RTC dilemma: its primary duty is to the taxpayer, which implies both striking mean deals and defending those deals before Congress. It was thought that the politicians would never countenance the 30 per cent and more which is the return expected on really risky assets.

The surviving "healthy" thrifts – the term is relative – have also been complaining of the RTC's toughness. For example, by insisting on the right to repay high-yielding CDs and bonds ahead of maturity and without compensation, it has created a new class of "truncation risk" which is said to have raised the cost of funds for the whole industry.

NOW the RTC and its powerful chairman Mr William Seidman have conceded some points. Risk will be unbundled (and probably left with the taxpayer): the new policy will allow buyers to bid solely on the "core" institution, consisting of a thrift's deposits and securities holdings. Bonds of insolvent institutions will be honoured where there are funds. Other paper, though, will still be "truncated".

Meanwhile, the Administration has at last abandoned the pretence that it can manage with the funds so far voted for the rescue, and the Justice Department will try to save the taxpayer some small change by seizing the physical assets of the insolvent thrifts and their former owners.

These changes in the working rules may get the "rescue" moving again, and so limit the additional losses which simply reflect delay; but its larger consequences are only beginning to emerge. The RTC, which will become the largest owner of empty buildings and abandoned construction sites in the history of the world, has still to reveal its *modus operandi* in a fearful real estate market; and both the Administration and the Federal Reserve are beginning to have second thoughts about how future disasters might be prevented.

Largely due to the persistence of Representative Henry Gonzalez, who in the House Banking Committee runs a permanent investigation of the worst cases, it is being admitted that the deposit insurance system itself, which enabled rickety institutions to bid far above market rates for insured deposits, may have to go.

The Fed is "in the process of developing a position" on this issue: hardly a bold stand, but at least it indicates that no cows are sacred any more in this devastated pasture.

AMERICAN NEWS

Canada gives Caribbean a breathing space

Canute James reports on the regional reaction to Mulroney's debt write-off decision

The decision of the Canadian Government to write off C$182m ($155m) which it is owed by the English-speaking Caribbean countries is significant for its timing as much as for the relief it will bring to the region's small, pressured economies.

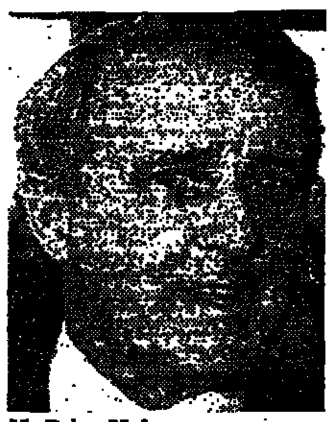
While low-income countries have benefited from debt forgiveness, such concessions have not been enjoyed by middle-income developing countries. Many of their leaders have complained of being unfairly edged out of access to soft money from multilateral institutions.

The countries involved have a combined foreign debt of $10bn, but the region's per capita debt is higher than that of countries such as Brazil, Argentina and Mexico.

The cancellation of the debt, announced by Mr Brian Mulroney, Canada's Prime Minister, at a meeting in Barbados with his Caribbean counterparts, has come amid increasing fears in the region that the level of official aid will decline over the next few years.

Increasing attention by western industrialised countries to political changes in eastern Europe, and new US support for the governments of Panama and Nicaragua, have not eased Caribbean concern about future assistance.

It is not surprising, therefore, that Mr Mulroney's decision has been welcomed by the Caribbean states which will benefit most - Jamaica, which owes Ottawa C$93m ($79m), Guyana, which owes C$32.7m ($27m) and Barbados with C$23.4m ($20m).


Mr Brian Mulroney

"Prime minister Mulroney has not only made a contribution towards solving the problems of the region," said Mr Michael Manley, the Prime Minister of Jamaica, which has a foreign debt of $4.5bn. "He has sent a signal to the other developed countries. It is a bold move."

Mr Carl Greenidge, Guyana's Finance Minister, said the Canadian move would help his country's attempts at economic recovery, as the burden of servicing Guyana's $1.7bn foreign debt was "onerous."

"What is important in Mr Mulroney's action is the principle of it and what it signals to other countries like Britain, France, West Germany and Japan," said Mr A. N. R. Robinson, Prime Minister of Trinidad and Tobago, which has a foreign debt of $1.8bn.

For his part, the Canadian leader said he was motivated by a desire to assist Caribbean countries, despite domestic criticism for cancelling the debt.

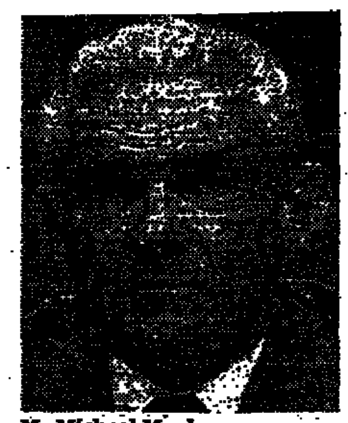
'Easing the debt is an important statement to Caribbean leaders that we support their efforts'
— Mr Mulroney

"I would not be surprised if Canadians are angry at this," he said. "These are not easy times, but it is an ongoing responsibility that we have to make some Canadian contribution to the sustained development of these countries.

"These countries deserve all the help that Canada can give, and easing the debt is an important statement to Caribbean leaders that we support their efforts."

But the cost to Canada of the cancellation will be comparatively small. The outstanding C$182m is from loans which have totalled just under C$1bn over the past two decades.

These have been on concessionary terms, with repayment periods up to 50 years in some cases, and at rates sometimes as low as 3 per cent.


Mr Michael Manley

The move will save the region about C$9m in principal and interest payments next year - a sum which appears small but whose benefit to the small, struggling economies is significant.

While Caribbean leaders are hoping that other developed countries will correctly read the "signal" which they say Mr Mulroney has sent, they are likely to remain concerned over difficulties they face in dealing with their foreign debt.

Just over 10 per cent of the debt stock of the English-speaking countries of the region represents arrears, with those of Guyana being over a half of its total debt.

Agreements on new payments schedules are frequently sought from commercial and Paris Club creditors, but the 30 per cent of the debt owed to multilateral institutions cannot be rescheduled.

"While there is great relief in the region over the move made by the Canadians, we are still confronting a major problem because we can get no form of relief from the multilateral institutions," said one Barbadian government official.

The debt issue has directed attention from an equally significant concession made by Mr Mulroney to the Caribbean.

The English-speaking countries of the region are beneficiaries of a four-year-old trade pact with Canada which allows a range of Caribbean exports duty-free access to the Canadian market.

Caribbean governments have argued repeatedly, however, that CaribCan, as the trade programme is called, could be improved if some key products, particularly textiles and leather products, were added to the list of preferences.

The value of trade between Canada and the region averages C$600m ($512m) per year. Mr Mulroney said CaribCan is being expanded to allow duty free entry of leather luggage and vegetable fibre products. Caribbean officials are hoping for further concessions.

"As important as development assistance is, it is trade, not aid, that will assure the Commonwealth Caribbean's long-term future," said Mr Mulroney.

"Of course we would have preferred more fundamental changes to the trade programme," said the Barbadian official, "but we will have to try to get them bit by bit."

Christians in Cuba to be allowed in the party

PRESIDENT Fidel Castro of Cuba has promised to end discrimination against Cuban Christians and other religious believers and work towards allowing them to join the country's ruling Communist Party, Reuter reports from Havana.

"We're going to end this discrimination as soon as possible...That is the overwhelming feeling, without exception, in the party leadership," Mr Castro told a meeting of the Cuban Ecumenical Council last week.

Detailed excerpts of the April 2 meeting were shown at length on state television on Monday and Tuesday.

But while making clear the party leadership wanted to end discrimination, the Cuban leader clearly appeared to condition this to a position of allegiance from Cuban Christians to the country's socialist system. "On this basis of confidence, on this basis of principles of defence of the country and defence of the revolution...everything is possible," Mr Castro said.

The Ecumenical Council groups all of the country's churches and faiths except the biggest, the Roman Catholic Church, whose relations with the communist government have been the most strained.

Mr Castro said it was unjust that Christians who were also patriotic Cubans should continue to be discriminated against in their work and daily lives and could not currently be communist party members.

Chile's political prisoners end hunger strike but Aylwin still pressed

By Leslie Crawford in Santiago

POLITICAL PRISONERS in Chile have called off a two-week-old hunger strike in support of their demands for immediate release, but the pressure is still on the new civilian government to solve one of the most delicate problems inherited from the military regime.

President Patricio Aylwin has said he will not free all of Chile's 340 political prisoners. The country's 1980 constitution, one of Gen Augusto Pinochet's proudest legacies, does not allow him to decree a general amnesty.

And even if he could, Mr Aylwin says he is not prepared to pardon those convicted of blood crimes. The latter number no more than 40, after 49 signed their own release papers in a spectacular jailbreak last January.

Among those who escaped by digging a tunnel underneath Santiago's public jail were 20 guerrillas convicted of staging an assassination attempt against Gen Pinochet in September 1986.

Nevertheless, the hunger strike which ended on Monday and daily demonstrations by human rights groups have pushed the plight of these prisoners to the top of the government's political agenda.

Many have been languishing in jail for years awaiting trial, while others were convicted in military courts on the basis of confessions extracted under torture.

"For this reason alone," says Mr Hugo Gutierrez, a lawyer at the Committee for the Defence of Human Rights, "the government should not distinguish between prisoners of conscience and those convicted of violent crimes. They were fighting a violent dictatorship."

Mr Francisco Cumplido, the Justice Minister, says there should be no political prisoners in a democracy. But he was clearly exasperated by the hunger strike, which he said only served to undermine the government's efforts to solve the problem.

President Aylwin has rushed to Congress a package of reforms that would abolish the death penalty and remove many "political crimes" from the statute books.

He has also promised an extensive judicial reform to clear up the backlog of pending cases and to allow the courts to review existing convictions. But the suggestion that the judiciary is in need of reform has brought President Aylwin into a headlong clash with Chile's Supreme Court justices.

President Aylwin's freedom of manoeuvre is also limited by the continued existence of armed left wing groups in Chile. On March 21, the day he proposed the abolition of the death penalty, a guerrilla commando nearly succeeded in killing former Air Force commander-in-chief Gustavo Leigh, one of the instigators of the 1973 coup.

To release convicted guerrillas while their comrades continue to stage bloody attacks would provoke the wrath of the Armed Forces.

It would also destroy the fragile consensus that exists between Mr Aylwin's centre-left coalition and the conservative opposition on the need for penal reforms.

Companies sign deal to train Polish managers

By Charles Leadbeater, Industrial Editor

ABOUT 1,400 Polish managers are to be offered training courses with British companies under an agreement signed yesterday by the the British Council and the Confederation of British Industry (CBI), the employers' organisation.

More than 100 British companies from sectors including telecommunications, civil engineering, finance, hotels and tourism have offered to train Polish managers on courses lasting an average of eight weeks. The scheme is likely to be extended to Hungary and Czechoslovakia.

Sir Trevor Holdsworth the CBI's president said, however, British companies were likely to take a relatively cautious view of investment in eastern Europe until property laws were changed to allow full foreign ownership of indigenous companies.

Meanwhile, industrial investment in Britain is set for a serious decline according to a set of business surveys to be published by the CBI.

Mr John Banham, the CBI's director general, speaking after a meeting of the confederation's governing council said medium sized companies were expecting unemployment to rise and investment to fall significantly.

Mr Banham said a fall in investment could mean British companies would miss out on historic opportunities to invest in eastern Europe and to strengthen their position in the run up to creation of the single European market in 1992. It would also delay a correction of the balance of payments deficit.

The CBI council's second main concern was the way British manufacturers units costs are rising more quickly than their foreign competitors.

Mr Banham said the surveys showed manufacturing productivity was growing at 6.5 per cent a year, while pay settlements were averaging 8.5 per cent.

This meant that either UK competitiveness would start to deteriorate, slowing the growth of exports or unemployment would rise more steeply than generally forecast.

Savings and Investment Bank collapse

Key defendant in Manx case unfit to stand trial

By Sue Stuart

MR Victor Gray, the principal defendant in the Savings and Investment Bank Trial in the Isle of Man, was yesterday declared to be unfit to stand trial for the present.

Mr Thomas Field-Fisher QC, the acting Deemster (judge) ruled that Mr Gray, alleged to be the beneficial owner of the bank – which collapsed in 1982 with £42m in debts and 3,000 depositors – should not stand trial at the present time for reasons of health.

After examining Mr Gray's medical records and the psychiatrist treating him, Mr Field-Fisher said Mr Gray would "have the greatest difficulty in defending himself, firstly on the basis of amnesia, and secondly, and more worryingly, because of the fact that he needs a change of medication for his illness."

"I have come to the conclusion that he should not be tried by this jury at this time. If he recovered, he could stand trial on a fresh basis with a fresh jury or not at all."

Mr Gray remains on bail and the Manx Attorney General will decide whether to bring a separate case if Mr Gray's health improves.

Mr Gray and seven other for-

Gray: unfit for trial

mer directors, officials and agents of the bank face 37 charges including fraud and false accounting. Mr Field-Fisher is hearing defence submissions that the trial be stopped because of the delay in bringing it to court.

During yesterday's hearing, Mr Nigel Hamilton QC, for Mr John Cunningham, the former manager of the bank, said the Manx Attorney General knew, or ought to have known, that Manx Treasury officials and politicians were not insured by the government sufficiently to cover the total liability they might have faced from claims by former bank depositors.

He said Royal Insurance had £5m liability cover on Mr William Dawson, the Manx Treasurer, and £500,000 on individual members of Tynwald, the Manx parliament - a total of £8.5m for Mr Dawson and the seven former Treasury politicians and officials who had faced civil actions from former bank depositors.

Mr Hamilton said Mr William Cain QC, the island's Attorney General, had written at the end of 1983 to the defendants in the civil action stating: "If any liability is established against named defendants, I am assured by the government insurers that the liabilities will be met by the government insurers."

Mr Dawson and the others would have been liable for any sum in excess of £8.5m, said Mr Hamilton. He said the Attorney General had "not been relieved of that anxiety until last Thursday," when the judicial committee of the Privy Council ruled that depositors had no claim against the Treasurer or the Manx Government.

The court recessed for Easter.

Office of fair trading condemns life assurance disclosure rules

By Eric Short

SIR Gordon Borrie, Director General of the Office of Fair Trading, has condemned the rules from the Securities and Investments Board (Sib) relating to the disclosure of information to consumers on life assurance products.

His report to Mr Nicholas Ridley, Secretary of State for Trade and Industry, asserts that these rules are likely to restrict and distort competition to a significant extent.

His assertion was bitterly refuted by the life companies, through their trade body the Association of British Insurers, and was refuted by the British Insurance & Investment Brokers' association.

Under the requirement of the 1986 Financial Services Act, the Director General has a statutory duty to review the rules drawn up by Sib and the various self-regulating organisation bodies and to judge whether they have a significant anti-competitive effect.

However, it is the responsibility of the Secretary of State to decide whether the rules should be changed to meet any criticism from the OFT.

Sir Gordon Borrie is attacking Sib primarily for failing to go far enough in its disclosure requirements.

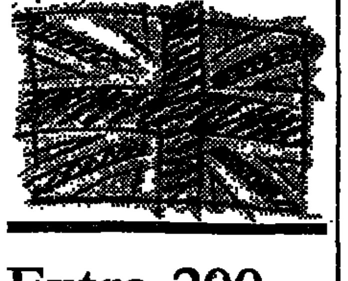
He wants both commission and expense disclosures to be given to the investor at the time of the sale, not after the sale as with the present rules.

He wants commission to be shown in cash terms, rather than or in addition to the current method of showing the commission as a percentage of premiums.

The Sib rules will require as from July 1 that life company expenses will be given after the sale and shown as a reduction in investment yield. This rule, claims Sir Gordon Borrie will not enable investors to compare the benefits of dealing with independent advisers.

**Report on the Disclosure of Information about Life Assurance Products and Commissions paid to Independent Financial Advoisers from OFT Room 612, Chancery House, London WC2A 1PR.*

BRITAIN IN BRIEF



Extra 200 warders pledged

HOME Secretary Mr David Waddington moved to quell the crisis in the prison service by announcing that 200 more officers will be recruited immediately.

The move came after Mr Waddington met Prison Officers' Association Officials and was presented with a demand for an emergency package of measures to help bring peace to Britain's jails.

He said the 200 extra were being brought forward from a training programme originally planned for later this year.

Extra equipment for prison officers was also announced and 3,000 vacant prison places will be brought into operation to ease overcrowding at some jails.

UK roads get 'no better'

ALTHOUGH the condition of Britain's roads improved in 1989 the general state of the roads is no better than it was 13 years ago.

Those are the conclusions of a national road maintenance condition survey.

The Government has reacted to the report by promising a £407m programme of major maintenance for motorways, trunk roads and bridges in 1990-91 – an increase of £66m on the previous year.

The road maintenance survey found that some rural roads were in worse conditions than they were when the survey was started in 1977. Most roads were no better than they were in 1977. And trunk roads had not improved significantly since 1985.

Progress report on AIDS tests

SHARES in ML Laboratories, a UK healthcare group which is listed on the Third Market, rose after the company announced further progress in sugar molecules which in test-tube studies have shown action against the virus that causes AIDS.

The company was floated on the market in 1987 and has an agreement with the Institute of Cancer Research in London to work on modified sugar polymers which may block the entry of HIV (human immunodeficiency virus) into human cells.

ML, based in Liverpool, said it had isolated a particular compound whose role as a blocking agent in HIV was "significantly greater" than any similar compound. The company could not elaborate on this statement but it is assumed the compound is one of the sugar molecules ML has been working on for some time.

The company plans soon to start tests with the compound on animals to screen for any toxic effects. After this, clinical trials on AIDS sufferers could begin although there is no date for these.

MPs back Bank reform

ALMOST seven out of 10 Tory MPs favour an independent Bank of England, and almost half of them said it would help to reduce the rate of inflation, according to the Market Access Political Opinion Panel.

Of the 58 Tory MPs questioned, 31 per cent said they would strongly favour giving the Bank of England the same independence as the Bundesbank, the West German central bank has, and a further 38 per cent said they would favour such a proposal.

Mr Michael Heseltine, the former Tory cabinet minister, called for the Bank to be independent, in a debate last month. The Prime minister, however, has made it clear that she opposes this course.

Almost 30 per cent of the Tory MPs thought that creating an independent bank would be the single most important act in securing proper control of the money supply and reducing inflation.

Only 21 per cent of the Tories thought it would put too much political power into the hands of the Bank, leaving too little for the elected Government, compared with 66 per cent of the 35 Labour MPs questioned.

Mid Wales shows growth

THE continuing growth of the Mid Wales economy last year prompted the Development Board for Rural Wales to bring forward its factory building programme. In the middle of last summer the number of buildings vacant had fallen to 4.2 per cent of the total, the lowest figure recorded, Mr Glyn Davies, chairman of the board, said.

New oil, gas group formed

A NEW Aberdeen based oil and gas service company has been formed following one of the biggest management buyouts in Scottish Grampian region.

Fifteen of Inspectorate OIS's key managers are believed to have paid around £4m for the company's manpower and inspection divisions with a workforce of 1,400 and a £20m annual turnover.

The new company, IN-SPEC, is now aiming to move into the international market – it already operates in Europe and parts of the Far East.

British food prices shoot up

IF you are what you eat, the British are inflationary. Food prices in the UK have shot up over the last year, hitting the low-paid particularly hard.

The release today of the Retail Price Index for March may indicate whether the acceleration in the price of a full stomach has slowed.

Food prices account for 15.8 per cent of the RPI, and consequently have a large impact on headline inflation. The index was showing a 12-month increase of 7.5 per cent in February, but food prices were up 8.6 per cent. Even taking out seasonal food, the rate of increase was still 7.6 per cent. The cost of seasonal food, which includes fresh fruit, meat and vegetables. has risen very rapidly, increasing at an annual rate of 14.8 per cent in February.

Walters attacks EMS 'flaws'

SIR Alan Walters, the Prime Minister's former economic adviser, last night condemned the exchange rate mechanism of the European Monetary System as "fatally flawed".

Delivering the BP lecture at London's City University, Sir Alan said the EMS had achieved worse economic results for the countries that were full members of the system than for those that stayed outside.

He said that while the EMS had stabilised exchange rates in the European Community, it had failed to stabilise them when measured on a weighted-average basis and while it had brought down inflation in the EC, countries outside had done better.

Jail for egg thieves

TWO Germans guilty of possessing nine Scottish peregrine falcon eggs were jailed for 90 days saying they could not pay £6,000 fines.

Alan Harper

BUMPER TO BUMPER: Britian's health and safety executive said that working at a one of the country's fairgrounds was only marginally less dangerous than working on a construction site - but workers at New Old Street Fair, London, pictured above with bumper cars, were unimpressed by a scheme to introduce training and qualifications.

Why Ford switched to Cologne

Kevin Done examines the transfer of a £225m project from Wales

THE first rumours that all was not well with Ford's planned £725m engine plant investment in Bridgend, South Wales, reached the local workforce about three months ago via Ford engineers visiting the plant.

When Mr Albert Caspers, Ford of Europe's director of manufacturing, flew to the plant on Monday it was to confirm the workforce's worst fears that the company had decided to transfer the £225m second phase of the project to Cologne, West Germany. He was met by a sense of betrayal among the workforce.

It was only a month ago, after fierce lobbying by the workforce, that Mr Caspers even admitted to the fact that Ford was carrying out a "thorough evaluation of its manufacturing plans in Europe" which could have an impact on the planned expansion of engine-building capacity in Bridgend.

While British union officials, led by Mr Jimmy Airlie of the AEU engineering union, a national negotiator with Ford, reacted in a predictably shrill tone attacking the company's "diabolical decision," leaders of the local workforce gave a far more measured response, concentrating on what they felt to be underhand methods used by Mr Caspers.

"We said we were not used to this sort of covert action," said Mr Andy Richards, the Bridgend plant convener.

The response demonstrates an unease in the UK at the management style of Mr Caspers, one of the most senior West German executives in Ford's European team and a former plant manager of Ford's plant in Halewood, Merseyside, who replaced Mr Bill Hayden, Ford of Europe's long-serving and highly respected manufacturing director, a year ago.

"Hayden was up front and gave us a chance to come up with the goods," said Mr Richards. "To find this out from engineers installing phase one is not the done thing. It does not give us confidence in the company at the Ford of Europe level."

Mr Richards does not hide the fact that Bridgend was performing below production targets in the early months of this year in the midst of the largely unofficial industrial actions that hit Ford in the UK and closed its Halewood and Southampton plants and its Belgian van assembly line. He feels that Ford has been less than straight with the Bridgend workforce, however, in the reasons it has offered for its decision to switch the second phase of investment to Cologne.

On Monday Mr Caspers was forced to agree at least to a visit by leaders of the Bridgend workforce to the Cologne engine plant in the near future.

Albert Caspers: met by a sense of betrayal

"If Ford of Cologne is so efficient then we must see it. The joint works committee will go there so we can see for ourselves."

It was only last year that Mr Hayden claimed that Ford had been closing the productivity gap between its UK and continental plants and that in powertrain (engines and transmissions) production the gap was only about 10 per cent.

Ironically it was only last Friday that the Bridgend workforce agreed to implement a new plant agreement that will give Ford much greater flexibility of working practices at the South Wales engine plant with integrated manufacturing teams, group leaders instead of foremen, more responsibility on the assembly line, and fewer demarcations.

"It is a far-reaching document," says Mr Richards, "it will enable us to compete in Ford of Europe and make changes."

Mr Richards believes that there were factors other than Bridgend's industrial record weighing heavily in Ford's thinking, as the company reassessed its South Wales investment. "There are political influences behind this as well as industrial reasons. The changes in Europe at the moment, German reunification, and the opening up of a vast East European market."

That said, Bridgend accepts that its chances were not helped by the rash of industrial disputes that hit Ford earlier this year.

In spite of the disappointment in Bridgend, Ford is now dangling the vague carrot that the plant can still figure in the company's next important European engine project, the Sigma small engine programme, which will probably be located chiefly at Valencia in the mid-1990s, but perhaps with Bridgend as the second source.

"We cannot live on promises but if we are operating well that part of the programme could come to Bridgend. We do not want war with Ford of Europe," says Mr Richards, "we want to implement our new contract, and make it work at plant level."

Exports of food and drink rise to £5.54bn

By Clay Harris, Consumer Industries Editor

BRITISH exports of food and drink increased by more than 20 per cent to £5.54bn in 1989, enabling the UK to narrow its annual trade deficit in these products by £130m to £4.68bn.

Sales of cereals, the only food category in which the UK is a net exporter, jumped by 56 per cent to £636m. Exports of drinks, another surplus sector, rose by 14 per cent to £1.8bn.

Food from Britain – which is an industry body promoting exports - said it was particularly encouraged by the 15 per cent increase in food purchases by the US. This compared with a decline of 7.1 per cent recorded by other EC countries exporting to the US.

In dollar terms, the US bought 3 per cent more food and drink from the UK than it did in 1988; in sterling, the advance was nearly 12 per cent.

Net sales of food and drink to the US rose to £175m. This made the US the only one of seven countries selected as priority targets for export growth to buy more than it sold to the UK. However, the balance of trade improved with other target countries except for West Germany and Canada.

France, the largest single export market for British food and drink, lifted its purchases by nearly 20 per cent to £888m, although it still sold £577m more than that to the UK.

The largest percentage increase was in sales to the Netherlands, which rose by 34 per cent to £432m. Shipments of British apples to Dutch buyers, for example, increased five-fold to 10,403 tonnes. Because of Rotterdam's role as a entrepôt for fresh fruit and vegetables, an unquantified proportion of these purchases was re-exported to other countries.

Poll shows economists backing for Labour opposition policies

By Rachel Johnson

MORE than half of Britain's economists think a Labour Government would be good for the UK economy, according to a poll published today.

The economic policies of the Opposition Labour Party – revamped under Mr Neil Kinnock, the Labour Party leader – were supported by two-thirds of the 77 City and academic economists surveyed by The Economist magazine.

Only 37 per cent said Labour would be bad for the economy, while 12 per cent said it would "make no difference."

Two-thirds of the economists who answered the question "Who would make a better Chancellor?" put Mr John Smith, the opposition spokesman on the Treasury, ahead of Mr John Major, the current Chancellor.

Labour's proposed replacement for the community charge was also more popular than the poll tax, which replaced the rates in England and Wales this month.

Labour's alternative to the introduction of a new tax to pay for local services and amenities is a property tax based on the capital value of a home, related to the individual's ability to pay.

The majority thought Labour would:

- control public spending, as its fiscal and monetary policies would be hamstrung by membership of the European Monetary System.
- devalue sterling if inflation remained higher in the UK than in other EMS member states.
- hold down unemployment better than the Conservatives.

The economists were evenly split over which party would preside over the best growth performance and current account balance.

The majority believed the Conservatives would be better at restraining inflation, and that Labour plans for credit control "would not work."

A majority of those questioned thought Labour "mishandled" the economy in the 1970s. The Economist said: "Britain's most influential economists now seem willing to give Labour another chance."

Politicians raise profile of local election campaign

By Alison Smith

LABOUR and Conservative politicians yesterday raised the profile of the local government election campaigns as Labour talked of Tory "neglect" of nursery education and Mr Chris Patten, the environment secretary, condemned the "excessive" spending of Labour-controlled Lambeth council in south London.

Mr Jack Straw, the opposition spokesman on education, published a study showing that the top 22 providers of education for three-year-olds and four-year-olds among local education authorities are all Labour-controlled.

The survey, based on figures provided by the Department of Education and Science, shows that the highest proportion of that age group in local authority nursery schools and classes is in Labour Walsall, at 92.6 per cent, and that the lowest is in Tory West Sussex at 9 per cent.

The Tory local authority with the highest percentage participation rate is Solihull with 65 per cent.

Stressing the "vital importance" of nursery education, Mr Straw warned that the cuts required in local government services because of the Government's decision to cap the expenditure of 21 local authorities could mean that nursery education was "particularly hard hit".

But he refused to call on any of the capped authorities to resist cuts in their education budgets, saying that he did not believe in second-guessing the councillors. Mr Patten, meanwhile, was walking the border between Lambeth and Tory-controlled Wandsworth, which has set a poll tax of £148 – the lowest in England. On Tuesday, he capped the poll tax set by Lambeth at £548.

Later, in Tory-controlled Westminster, he said that Westminster's poll tax level of £195 was "no fluke", but "the rewards of years of good housekeeping and value for money" under Tory control.

Swiss group to open new Welsh plant

By Alice Rawsthorn

ABOUT 100 new jobs will be created in South Wales with the opening of a new factory by the Swiss group, Triumph International, Europe's largest lingerie manufacturer.

Triumph already employs 500 people in the UK, mainly at its factory in Groundswell, near Swindon. The new factory, which will be based at Griffithstown in Cwmbran, is scheduled to come on stream in July.

Triumph's decision to strengthen its presence in the UK is a reflection of the trend for major European clothing and textile groups to increase their international activities by expanding production outside their own domestic markets.

Mr George Edward, director of Triumph (UK), said the new plant was needed to accommodate extra demand and to improve the standard of service to customers in the UK.

BUSINESS LAW

Financial services must take account of new European rules

By Richard Nowinski and Robin Brooks

IF THE financial services industry fails to appreciate the significance of the new regulatory measures emanating from Brussels it may find itself at a disadvantage to continental financial institutions in a unified European market.

A unified financial market is the policy objective of the European Commission. Sir Leon Brittan, the Commission vice-president spoke at the end of last year of welding the separate financial markets of the Community into a unified whole to act as the dynamo of the European economy.

As far as banking is concerned, the Council has expressed the Community's measures to achieve such unification in the form of the Second Banking Directive. This awaits implementation by member states. Discussions in relation to investment firms on the other hand have begun only recently.

The Second Banking Directive was adopted on December 15 1989, and is due to be implemented by January 1 1993. It is based on three concepts: a single Community-wide "passport" enabling banks licensed in one member state to open branches and provide conventional banking services in other member states; permission for banks to provide a broad range of financial services, including dealing in shares and debentures, advising on takeovers, portfolio management and custodian services; and harmonisation of basic supervisory standards.

In the UK many of these financial services are provided by securities houses which are not banks and therefore do not come within the scope of the directive. On the Continent, financial services tend to be provided by banks – the so-called "universal banks." A continental universal bank licenced by its home country to provide financial services will not require authorisation under the Financial Services Act 1986 to do investment business in the UK.

Related to the freedom of banks to provide services throughout the Community are the Own Funds Directive and the Solvency Ratio Directive. These directives set down minimum prudential standards and together with the Second Banking Directive provide the full regulatory framework for banks in the EC.

A key to the Commission's policy is the Investment Services Directive which follows principles similar to those of the Second Banking Directive. It introduces a single Community-wide "passport" enabling investment firms which are authorised in one member state to open branches and provide services in other member states; it defines investment firms by reference to a broad range of financial services; and it liberalises access to membership of stock exchanges, and financial futures and options markets in the Community.

The Investment Services Directive is particularly important to the UK financial industry because many of those who provide financial services in the UK are non-bank securities houses. These securities houses depend on it for their "passport" to provide financial services across the Community. If it is not implemented along with the Second Banking Directive, the UK financial industry may be put at a competitive disadvantage to continental universal banks both domestically and in the EC.

The Government is clearly aware of this. Mr John Redwood, Corporate Affairs minister, said recently: "My message to our partners in Europe is simple: we have opened our manufacturing markets to the import of French and German cars and other products, it is high time our partners opened their financial markets to our successful financial services businesses. They win from the Second Banking Directive, we win from the Investment Services Directive."

Whether or not this and doubtless other appeals produce results remains to be seen. An amended proposal of the Investment Services Directive is being considered by the Council which is presently under the presidency of the Irish. The Irish Foreign Minister, Mr Gerard Collins, speaking to Members of the European Parliament, stated that it was a priority of the Irish Presidency to work towards the adoption of the Investment Services Directive.

Unfortunately, controversial and technically difficult directives can take many years to complete their examination in the Council and the Investment Services Directive has several provisions which are both technically difficult and controversial. Examples are to be found both in the directive's scope and in the liberalisation of access to the markets.

The scope of the Investment Services Directive, is defined in terms of certain activities: brokerage, dealing as a principal, market making, portfolio management, arranging or offering underwriting services, professional investment advice and custody of securities. The activities are related to certain instruments: transferable securities, money market investments, finacial futures and options and exchange rate and interest rate instruments.

The structure of the definition resembles Schedule 1 of the FSA 1986 the history and outcome of which demonstrated how difficult and intractable defining scope proved to be. It is notable that commodity futures and options have not been included. The definition serves two purposes: the first to determine who is required to be authorised; and the second, what services persons authorised may provide across the EC.

It follows that dealing in commodity futures and options will not have the benefit of the community "passport" or be subject to a requirement of authorisation, although within the UK, dealing in commodity futures and options for financial purposes is subject to the financial services regulatory regime. It is to be expected that the agreement between member states on the definition of the scope of investment services will not be easily reached.

Sir Leon Brittan made it clear that a cornerstone of the Investment Services Directive is the liberalisation of access to membership of stock exchanges and financial futures and options markets.

The provision in the Directive on access to such markets has been amended to take account of those exchanges where a physical presence on the floor is not necessary. In such cases investment firms may become members without having to be established in the member State in which the exchange is situated.

The provision also permits such exchanges to provide facilities in other member states to permit investment firms in those states to become members of the exchange. This will prove to be a controversial provision for those member states who wish to restrict access to their securities and futures markets, particularly as this provision is one of the few in the Investment Services Directive that applies to investment firms which are banks.

The draft "Capital Adequacy" Directive has recently been the subject of considerable comment and concern. This directive is related to the Investment Services Directive and its purpose is to provide a definition of initial capital required for investment firms and appropriate treatment of position risk.

The directive will apply both to investment firms that are banks and to investment firms which are not banks.

The draft of the directive is still in the Commission and, leaving aside the issue of whether it may adversely effect UK securities houses, any delay in the proposal being presented to the Council is of concern.

This directive, together with the Investment Services Directive, provide the full regulatory framework for investment firms in the Community and therefore they have to be implemented together. Delay in one will necessarily delay the other.

What is the UK financial industry to do? The first priority is to give support to, and maintain pressure on, the Government, domestic regulators and the Commission, to ensure rapid progress with the Investment Services Directive.

The House Select Committee on European Legislation in considering the Second Banking Directive reported that it was of concern to the UK that there should be simultaneous implementation of the Second Banking Directive and the Investment Services Directive.

The danger of having to negotiate against a time limit where national interests diverge is that content is compromised for the sake of argument. The price for agreeing the Investment Services Directive should not be the bringing forward of a technically flawed measure.

The financial services industry should also engage in dialogue with the Government and the regulators in determining how to implement the Second Banking Directive and Investment Services Directive to ensure that the policy of the Commission and the interests of some member states are not allowed to lead to serious market distortions particularly in the UK.

● *The authors are members of City solicitors Norton Rose.*

ACCOUNTANCY COLUMN

Fight for survival among the mid-sized firms

By Thomas LaFreniere

ONCE-AMBITIOUS mid-sized accountancy firms in the United States are facing up to their limitations and fighting for survival.

Speak to leaders of such accounting firms, and you notice that their speech is sprinkled with terms such as "refocusing" and "restructuring". Collectively, they are having a tough time of it and the reasons for their struggle are numerous.

They are doing business in a mature market enveloped in a sluggish economy. Their clients are trying to reduce their costs. There is a shortage of young talent, leading to escalating salaries.Lawyers have targeted them as a group that should be sued, and larger firms with more resources are always eyeing their most-prized clients. The list of maladies is a daunting one.

Last year, the group's average rate of growth was less than 7 per cent – a dismal year indeed. Several firms had troubles far more severe than low growth rates.

At Laventhol & Horwath, the troubles were of the litigious variety. Recently a jury in Houston, Texas, delivered a $37.7m (£23m) verdict against the firm for violating anti-fraud statutes in connection with the firm's preparation of tax forms and financial statements for a group of limited partnerships.

That was not the most conspicuous of L.&H.'s lawsuits, however. After the bankruptcy filing of Grabill, a client of the firm's Chicago office, L.&H. reached a reported $30m settlement with creditor banks, some of which was not covered by insurance.

Mr William Stoecker, Grabill's chief executive, and L.&H. received national media attention when the CBS television network's 60 Minutes programme latched onto the story of Mr Stoecker, who is being tried for bank fraud. Mr Tom Raleigh, Mr Stoecker's bankruptcy trustee, portrayed Mr Stoecker's activities as "a very sophisticated check-kiting scheme, just constantly borrowing from one bank to pay another bank."

Mr Raleigh said that L.&H. received $185,000 a month from Mr Stoecker for audit and advisory services. Regarding L.&H.'s involvement, he said: "When you are getting that kind of fee you don't ask too many difficult questions."

After the incident, the head of L.&H.'s Chicago office resigned. A statement issued by his successor said that the firm would "put increased emphasis on quality-control procedures."

Those difficulties followed a period of very high growth at L.&H. The firm's revenues grew nearly 500 per cent over the past 10 years. Some critics have said it was that growth rate that led to the problems now surfacing. Mr Raleigh, for one, suggested that perhaps the firm got too aggressive.

L.&H. was not alone in its pursuit of rapid growth. "It's a very common theory in the accounting profession that size is an advantage," says industry consultant Mr David Maister. "Bigger is not a substitute for getting better and, in some instances, it has been used as a substitute."

Mr Duane Kullberg, former chief of Arthur Andersen, the accountancy and consultancy firm, believes that the growth was an attempt by the firms to get national coverage that they felt was necessary to serve their market. He observes: "It's tough to pick up combinations of firms and establish a responsive culture."

Pannell Kerr Forster is another firm that followed a rapid growth philosophy. Pannell had grown at a pace similar to L.&H.'s, quadrupling billings over a 15-year period.

Recently, the firm's US managing partner resigned amid turmoil, having served for only 16 months. The firm's partner count plummeted from 159 in 1988 to 95 in 1989 and a number of offices have been closed. In 1989, fee income was $7m lower than in the previous year.

Pannell's US arm has been "tightening up before re-engaging in a phase of growth," according to Mr Claude Brown, the firm's international vice-chairman. Mr Brown says that the closings are part of a planned restructuring. "We have been asking ourselves: 'If we weren't there [in a given city], would we want to be there?' If the answer is no, then we have spun off [the offices]."

Mr Brown is aware of much criticism and believes that it may help the firm to remain focused on its goals. "Bad news is good news, if you know what I mean. We have to be careful the restructuring does not continue to be a decline."

Grant Thornton is another firm that has found itself paring offices in the wake of merger activity. Mr Burt Fischer, the chief executive, says it recently completed the rationalisation of its 1985 combination with Fox & Co. Since the acquisition, the firm has closed 13 offices and its revenues have been flat for the past three years.

Mr Fischer says his firm recently completed a process of self-evaluation in which the firm sought to distinguish itself from the competition. Mr Maister agrees that this is a useful and necessary process. "The real point of strategy is figuring out an innovative way to compete," he argues. He says that middle-market firms suffer from an identity crisis because "there is no difference in the way they do things."

One way for a firm to distinguish itself from its peers is to specialise in a particular industry or provide a service that others do not provide.

There is a problem, however, in that several firms have chosen the same industries of specialisation. BDO Seidman, Pannell and L.&H. are all trying to lay claim to the real estate and hospitality markets. The giant Deloitte & Touche is challenging them.

Even if a niche is found, becoming a specialist firm does not guarantee success. It can lay the firm open to the vagaries of the particular industry, as another mid-sized firm has found.

Spicer & Oppenheim has long been recognised as a niche firm, serving primarily Wall Street brokerages. It is more specialised than most of the second-tier firms. Until recently, three large clients; Bear Stearns, Neuberger & Berman and Sanford C. Bernstein accounted for a large chunk of the firm's business, perhaps as much as 40 per cent.

Having its fortunes tied to those of Wall Street proved detrimental, though. After the crash, S.&O. shed 20 per cent of its partners as all of Wall Street made cuts. The firm had 86 partners in March 1989, down from 107 in 1988.

Worse yet, its biggest client, Bear Stearns, was snatched away by Deloitte & Touche late in 1989. Both Mr Kullberg and Mr Maister agree that although the reasons for it may not be logical, the largest clients of mid-sized firms will continue to gravitate toward the Big Six.

"It's no secret that every one of the Big Six is actively pursuing that market," says Mr Maister. What, then, is the prognosis for the mid-sized US firm? "The general outlook is not encouraging. This is a very, very competitive profession."

In the short term, the move toward specialisation will continue; the firms have already committed themselves to the process. They have come to the realisation that they cannot survive as one-stop shops. Further consolidation of the group by merger of relative equals is likely, because the "bigger is better" attitude still lives. The heads of both L.&H. and BDO Seidman have stated that they see one or two firms dominating the second tier and both firms have used merger as the preferred means of growth.

Whatever the tactical moves are, they had better be on target. Some of these firms are only one poor decision away from extinction.

Thomas LaFreniere is the editor of the International Accounting Bulletin, published by Lafferty Publications of Dublin, Ireland.

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A commercially aware qualified accountant, aged about 30, you will possess up-to-date knowledge of modern management accounting techniques including both mainframe and PC computer systems. Several years experience of providing management information to tight timescales in a medium/large plc is a requirement. In addition to accounting and managerial skills you will also require the personality to promote the management accounting function throughout the company.

Please send full personal and career details, including remuneration level and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Deloitte Executive Resourcing, 76 Shoe Lane, London EC4A 3JB, quoting reference AS684 on both envelope and letter.

Coopers & Lybrand Deloitte is the business name used by Coopers & Lybrand and Deloitte Haskins & Sells in the UK. The two firms are to merge on 29 April 1990.

Coopers & Lybrand Deloitte — Executive Resourcing

Finance Director

Humberside — **c £35,000 + Car + Benefits**

Our client is a $1 billion division of a renowned US multi-national, responsible for manufacturing and marketing fast-moving consumer products in many countries around the world.

A high calibre finance professional is now being sought to lead the finance function of a $140 million business group within this division, that has manufacturing and marketing activities in Spain and the UK. Operating in buoyant markets, the predominantly branded products are sold nationally through all trade sectors by large decentralised sales forces. Considerable growth is being experienced, and the organisation is undergoing significant change, including major investments in new technology.

The successful candidate will join a young, progressive management team in driving the business to its maximum potential. Assuming full responsibility for all aspects of the finance function, initial emphasis will be placed on the improvement of management information systems and controls.

Candidates will be graduate Chartered Accountants, possibly with a further business qualification, who can demonstrate a track record of achievement to date, along with commercial experience in a fast-moving environment. A high degree of technical competence, well developed leadership and communication skills, self motivation, and a strong personal presence are pre-requisites for success in the role. Future prospects for the right individual are considered excellent.

Interested applicants should contact James J. Russell, quoting ref: L8533, at Michael Page Finance, Leigh House, 28-32 St. Paul's Street, Leeds LS1 2PX. Tel: (0532) 450212.

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With the group's strong reputation for acquisitive and organic growth, career prospects are excellent, with early exposure to a dynamic business environment and opportunities for special project work.

Salary and benefits (including relocation assistance where necessary) will reflect the importance of this role.

Please call Elisabeth Jordan on 0753 857181, or send her your career details at Digby Moore Associates, Mountbatten House, Victoria Street, Windsor, Berkshire SL4 1HE. Fax: 0753 860696.

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The remuneration package will include the provision of a company car, profit share and private health arrangements. Upon incorporation, the job holder will be appointed to the group board.

Please apply in confidence to Stephen Bailey, quoting reference F1003B at Ernst & Young Search and Selection, PO Box 1, 3 Colmore Row, Birmingham B3 2DS.

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Interested candidates should submit their C.V's to Sajid Baloch MBA, at Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey, KT22 8AG
Tel No. 0372 375661.
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Financial Controller

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MANAGEMENT: Marketing and Advertising

UK brewery retailing

A new meaning to the 'managed house'

Philip Rawstorne on Ansells' benefits from its pub classification

Pub management may appear an art – at its best a beguiling collage of good beer, simple but tasty food, and convivial company put together by a genial publican. In today's competitive retail climate, however, success is achieved using more scientific methods.

For the major UK brewers, the efficient management of estates of several thousand pubs is vital in competing for shares of the UK's £16bn eating-out market and the £11bn spent annually on beer.

Skilled management has become even more important in the light of the Monopolies and Mergers Commission shake-up of the industry. Next month, brewers must allow their tenanted houses to stock a "guest" beer brewed by a rival. In 1992, those brewers with more than 2,000 pubs must free half of the excess number from their ties.

Allied Breweries, the brewing and retailing division of Allied-Lyons, with an estate of 6,500 pubs – 3,120 of them tenanted, the other 2,380 managed – has brought in consultants in its search for a response to the challenge.

Allied's managed houses are run as separate regional operations by its constituent breweries – Ansells in Wales and the Midlands, Joshua Tetley to the east of the Pennines, Tetley Walker to the west, and Ind Coope in the south-east.

In line with a centrally-determined strategy, over the past three years each regional organisation has been increasing the size of its managed estate. More than 430 pubs have been added in recent months.

"We believe we can get a better return from managed houses," says John McKeown, managing director of Ansells, who is responsible for some 540 managed pubs and 1,150 tenancies.

The basis for that belief lies less in the fact that Allied will minimise the effects of an incursion of "guest" beers than in the management systems it has introduced.

Some six years ago, Allied set out to segment its heterogeneous collection of pubs in an attempt to sharpen its retailing focus.

"While we recognised one pub could be quite different from another, efforts to segment them had resulted in broad-brush categories that were of little practical use," says McKeown.

Marketing Solutions, a market research consultancy, helped to sort Allied's pubs into eight categories; they were differentiated by situation, the dominant age and social class of customers, and drinking habits.

Thus the Local Community Pub (LCP) is usually located on a council estate or amid old terraced housing. Its customers are generally male, local residents, of all ages, and regular attenders. They are very price-conscious, shop at the local supermarket, and do not drink at home. They read the "pop" newspapers and enjoy pub games.

More than 30 per cent of the pub's drinks sales come from standard lagers, Castlemaine XXXX and Skol. More vodka is sold than whisky; and the demand for food is confined to basic lunchtime sandwiches.

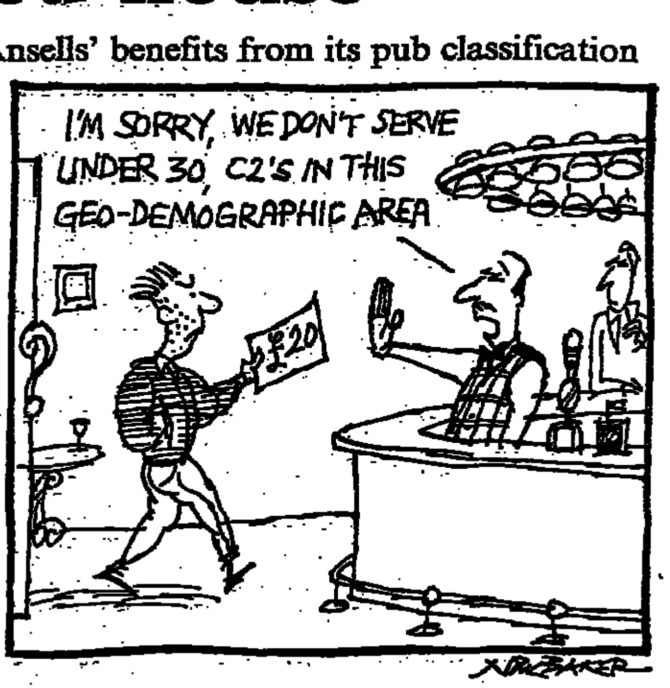
The Broad Based Local (BBL) is frequented by men and women, aged 18-44, most of whom work within a mile of the pub. They, too, are price-conscious and like pub games but they buy more food, and drink as much wine as whisky.

The Young Persons' Circuit Pub (YCP) is usually in a town centre or suburban high street. The customers are aged 18-24, mainly single sex groups of shop and office workers at lunchtime, and young people "in circuit" in the evening. These are drawn from a radius of five miles, and generally travel by public transport.

They read the music press and like background music in the pub. They are fashion-conscious, buying clothes at Top Shop and similar stores. Standard lagers are still the main drink but significant amounts of premium lager and spirits are bought.

The Quality Traditional Dry (QTD) is sited in a prosperous village or remote country area. Its customers are usually over 35, and visit the pub in couples or families. They come by car, often driving more than five miles.

They have managerial or professional jobs, read the quality newspapers, appreciate good food and service, and dislike pub games. Food sales form nearly 40 per cent of the pub's revenue. Drinks include a range of premium lagers, ales, wine and non-alcoholic beverages.



Sorting out its pubs in this way enables a regional operator such as Ansells to select pub managers with the right qualities to deal with each different set of customers.

The UK arm of the US-based personnel firm, Selection Research, handles the process.

McKeown says: "The personality of the licensee is the key to success in a BBL. A dull personality leads to a soulless pub and failure. The landlord should be high profile, involved, approachable but in charge. He sets the mood of the staff and the pub, and can include the customer in the pub community.

"The manager of the YPC pub needs to be young at heart if not in years. He has to be a good organiser, tolerant but firm, setting high standards of service.

"For an LCP we look for a good controller, someone mature and experienced, who can be one of the crowd but at the same time in control. He must be involved in the local community, organising in-pub teams and events.

"The manager of the QTD need not be a strong personality. It is high professional standards that are vital, an attention to detail, and good financial and organisational skills. He has to ensure that the service is courteous, friendly, efficient but detached."

The categorisation also determines the furnishings of the pub. McKeown calls on a team of designers to provide the settings in which a particular group of customers – in the public bar of a local or the restaurant of a quality inn – will feel most comfortable and at ease.

But it is in the control over the sales performance of every pub that Ansells' segmentation of its estate has proved most valuable.

Electronic point-of-sale equipment in each pub, linked to a central computer, enables McKeown to monitor weekly sales and compare them with other Ansells pubs in the same category, or with other Allied pubs elsewhere in the country.

Norms have been established for each category – and under-performance by one pub can be quickly noted and investigated. The work rate of individual bar staff can be logged as each order they ring up on the pub's till is identifiable.

The constant flow of sales information ensures precise stock control. By matching the sales mix of one pub against the norm for its category, changes in customer tastes can be spotted quickly. Action can be taken to promote drinks that are becoming popular; or a pub can be regraded to meet the demands of a change in customers.

More than half of Ansells' pubs are in the Local category. Average turnover is around £163,000 a year and, because of its price-conscious customers, profit margins on drinks are lower than in the other types of pub.

"But we retail them hard," says McKeown, "particularly on the additional income streams they offer – pool, fruit machines, and juke boxes all show good profits."

The average turnover of a pub in the Quality category is around £276,000, split roughly into £183,000 from drinks, £82,000 from food, and £11,000 from machines.

In "Young" pubs, food still accounts for a very small percentage of average annual sales of £249,000. But food turnover in the whole of Ansells' estate last year increased by 74 per cent, against a general market rise of 7 per cent.

Ansells is naturally concerned to increase the proportion of Young and Quality pubs in its managed houses. Last year, it pumped 47 per cent of its investment into Quality pubs and 38 per cent into its Young segment.

The company has developed a model for rating pub sites, using geo-demographic analysis and variables such as the pub category, number of pubs in the area, population density, and household incomes. "The result," says McKeown, "is that we can predict the performance of any managed house on any site."

The system can be used not only in adding new sites to its estate, but also in comparing its success in improving its customer profile with that of its competitors.

"We now have a system that constantly measures what we are doing, what we should be doing, and what our competitors are doing," McKeown says. "It enables us to spot weaknesses and correct them; to identify opportunities and grasp them.

"I believe it has given us an important competitive advantage."

US fast-food

The Whopper's fitness regime

Philip Rawstorne on Burger King's search for 'customer delight'

When Grand Metropolitan swallowed Pillsbury, the US foods group, early last year, many predicted a severe bout of indigestion.

Of all the items in the £5.8bn spread of food businesses, Burger King, the second largest hamburger chain in the US, was considered most likely to cause discomfort.

Burger King's performance had been growing stale for four or five years. Four chief executives had come and gone from the pink stone headquarters in Miami, but management layers in the company had grown thicker than the fillings in its Whopper hamburger.

Organisational problems were reflected in inefficient purchasing and distribution, poor quality controls, and uncertain and ineffective marketing. Sales were flat and profits and market share declining, franchisees – who run 84 per cent of the outlets – were disenchanted, and corporate morale was low.

No new products had been introduced for three years.

"Many of the decisions made by the previous management over the last few years were just plain wrong," says Ian Martin, the Scottish chief executive of GrandMet's food division, which includes Burger King.

Now, 14 months after GrandMet took over, Burger King is beginning to look in much better health.

Barry Gibbons, the Mancunian who had run GrandMet's restaurants and was brought in to restructure Burger King, began by trimming the fat. Some 600 jobs have gone and operating costs reduced by £30m.

Sub-standard restaurants and franchisees – a small percentage which had been giving the chain a bad name – have been shed. With his enthusiastic "hey, guys" approach, Gibbons has rebuilt relationships with franchisees and invigorated corporate staff.

Purchasing and distribution systems have been overhauled.

That was the relatively easy part of the task. Now Gibbons, with Gary Langstaff, marketing vice-president, who was hired from Hardee's fast-food company, are well into the more difficult, longer-term job of revitalising the 36-year-old Burger King brand.

Intensive training programmes are under way to improve retailing skills and customer service. "We are aiming for customer delight not just customer satisfaction," Gibbons says.

He has appointed a vice-president to handle customer relations. A 24-hour free-phone service has been opened for consumers. Up to 4,000 calls a day enable the company to keep track of changing tastes as well as deal with complaints about limp lettuce.

Mystery shoppers are being employed to visit restaurants and monitor product quality and standards of service.

Health-conscious

New product development is being vigorously pursued. Plans for a flame-grilled chicken sandwich, which Pillsbury had been considering for five years, were implemented in February. The BK Broiler has found a ready demand among the health-conscious of its 9m daily customers.

One million of the $2.29 oat bran buns with their 380-calories worth of chicken and polyunsaturated fats are now being sold every day in the US. That is already half the worldwide sales of the chain's traditional big-seller, the $1.89, 680-calories, Whopper.

More new products to whet the American appetite for breakfast – 10 per cent of sales – are on the way. They include filled croissants and mini-muffins.

Moves are afoot to speed up service. Electronic point of sale equipment is being installed to help ordering and payment, and to improve management controls. Experiments are being conducted with a touch-screen system which enables customers to order their own snacks and pay by credit card.

Drive-through restaurants, which account for 60 per cent of sales, are being redesigned to enable staff – protected, since this is America, by bullet and graffiti-proof glass screens - to take orders from car drivers more easily and quickly.

With such improvements in train, Gibbons and Langstaff have launched a new marketing programme. Some $200m a year from franchise royalties is being poured into a carefully targeted, lifestyle advertising campaign in the US.

American children, Gibbons has quickly learnt, have a lot of influence on where the family eats out. In January, Burger King launched its Kids Club. More than a million children were enrolled in the first two months. Some 3.2m Kids Club meals were sold in January. With advertising support in February, the number nearly doubled.

A badge promotion – linked to a new cult film "The Teenage Mutant Ninja Turtles" – led to the distribution of 14.8m badges in six weeks, and is being used as the basis for further merchandising.

Burger King's sales worldwide last year reached $5.7bn – 85 per cent of them generated in the US. For the first three months this year, sales have been running an average 13 per cent higher. Over the past year, profits are 25 per cent higher; proof, says Gibbons, of the opportunities that are still to be seized in the fast-food market.

The $66bn US fast-food market is maturing but not yet mature, he says. Burger King can improve its 7.6 per cent share without engaging in a head-on battle with McDonald's, the market leader.

McDonald's may have something to say, however, about his immediate ambition to increase the average income of a Burger King outlet from its current $1m to the McDonald's average of $1.5m.

With only 664 of its 6,000 restaurants outside the US, Gibbons intends to build up its international operations. The fast-food market is worth an estimated $15bn and is growing at more than 20 per cent a year. Burger King plans to grow with it. Somewhere in the world this year, it will be opening a restaurant every day.

British analysts have been impressed by the achievements so far. John Spicer, analyst at Kleinwort Benson, estimates that this year the company will contribute some $213m to GrandMet's operating profits. Eric Frankis, of UBS Phillips & Drew, forecasts $200m. But the question remains whether this performance can be sustained in the long term.

TODAY'S TELEVISION

BBC2's series First Easter (7.45) about the huge changes affecting eastern Europe looks at a Polish farmer who has given up his uneconomic crops and is considering giving up his uneconomic cows.

This Week (8.30 ITV) considers the policies on wildlife and tourism being developed in some African countries ("Shoot an elephant - for £14,000") and asks whether it has anything to do with conservation or is merely a way to make a fast buck by making a dead buck...

The supercilious claim is made in the billing for 40 Minutes that to westerners McDonald's hamburgers represent "cheap labour and junk food." True for television producers perhaps but not, I suspect, for the people who eat (and work) in McDonald's. The programme (BBC2 9.30) is about the opening of the McDonald's in Moscow.

I shall give Mistero Buffo a second chance even though last week's opening episode, with Robbie Coltrane playing all parts in the Scottish version of Dario Fo's satirical history of religion, was pretty unimpressive (10.10 BBC2).

Christopher Dunkley

BBC1

BBC 2

LONDON

CHANNEL 4

S4C WALES

ANGLIA

CHANNEL

GRAMPIAN

GRANADA

SCOTTISH

TSW

TYNE TEES

ULSTER

YORKSHIRE

RADIO

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

WORLD SERVICE

GOOD FRIDAY TELEVISION

It being a bank holiday, there are more old movies than you can shake a stick at. If you set the alarm clock last night you may now be in time to catch the start of King Of Kings (8.25 am BBC2), MGM's 1961 re-telling of the life of Jesus. ITV offers the same subject with songs by Lloyd Webber and Rice in Jesus Christ Superstar at 10 a.m.

Once there is actually an audience around television drops the religion and goes for comedy. Channel 4 has the best selection, starting with the pre-St Trinian's school farce The Happiest Days Of Your Life (11.30 a.m.) At 2 p.m. they show Traffic in which Jacques Tati has trouble with a car, and at 11.20 pm Playtime in which he has trouble with everything else.

Two of the day's better films clash: Disney's 1941 animated cartoon Dumbo about a baby elephant, and Easter Parade (4.35, BBC2), the 1948 Irving Berlin musical with Fred Astaire and Judy Garland. Best of the lot is The Odd Couple (10.55, BBC1) with fussy Jack Lemmon trying to live with slob Walter Matthau.

Christopher Dunkley

BBC 1

BBC2

LONDON

CHANNEL 4

S4C WALES

ANGLIA

CHANNEL

GRAMPIAN

GRANADA

HTV Wales

SCOTTISH

TSW

TYNE TEES

ULSTER

YORKSHIRE

RADIO

BBC RADIO 2

BBC RADIO 3

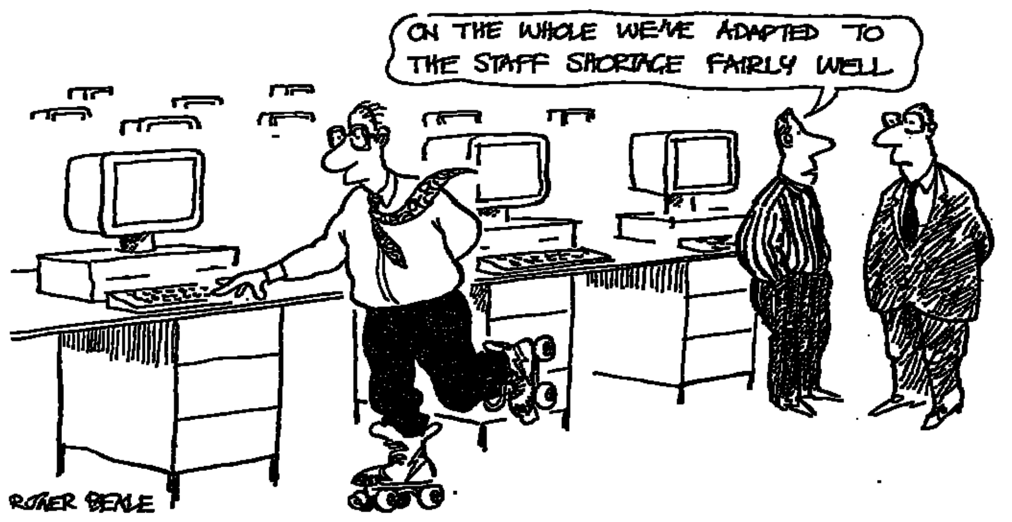
BBC RADIO 4

WORLD SERVICE

TECHNOLOGY

Alan Cane describes the steps which companies are taking to alleviate a chronic shortage of IT skills

High premium on a scarce resource



The growth and development of information technology in the UK is being jeopardised by a skills shortage so severe that it is now being described as a crisis.

Moreover, the trend of demand outstripping supply shows no signs of reversing. Last week, National Economic Development Council working groups concerned with electronics warned that a national effort on skills development is necessary if the UK electronics industry is to make the best of its strengths and reduce its "large and persistent" trade deficit.

The National Computing Centre (NCC), which has the responsibility of promoting best practice in data processing in UK companies, reckons there are about 260,000 people working in IT jobs for user companies – that is, companies which use computers to support their business.

Computer manufacturers and computing services companies were not included; these organisations also face shortages but because they work at the leading edge of software technology they can often have their pick of the best candidates.

The demand for people to fill jobs in user companies is increasing at about 5 per cent a year, the NCC says, and there are too few people to meet the demand. The shortfall is currently reckoned at 20,000 computer specialists; if the trend continues the shortfall will be 35,000 in two years' time and 50,000 by the middle of the 1990s.

The effect will be to exaggerate the pressure on many data centres to extend and develop existing software while designing and developing new software to underpin new business initiatives.

Maintenance may be dull work but it occupies 70 per cent of a data centre's resources. A consequence is that there is a substantial backlog – two years or more in some instances – of new projects in most data centres.

From a business point of view, the greatest penalty of the projects backlog is the cost of lost opportunities. If it takes two years to develop a system to take advantage of a window of opportunity in the marketplace, the window will have closed and the opportunity lost before the system is delivered. Time, money and opportunity will all have been wasted.

The problem is more than just the chronic shortage of skilled software engineers. It is also the result of methods of developing software which owe more to the craft tradition than engineering discipline. A result is that in addition to projects delivered late or over budget, much software is either abandoned or has to be rewritten.

The problem may be serious, but not uniformly so, surveys have shown. It is at its worst in south-east England, around London and the M4 corridor where staff turnover in large companies can be anything from 8 per cent to 30 per cent.

The principal demand over the next few years is expected to come from small companies moving into computing for the first time and from large companies developing their information technology capabilities. There are fears, for example, that the insurance industry will create an explosion of demand for IT staff in the south east.

A further factor is the so-called "demographic timebomb". Skills shortages are going to seem even worse over the next few years because of changes in the pattern of the working population. There will be fewer young people in the 18-24 age range over the next couple of years – 1m fewer by 1993.

At the same time, however, the overall available workforce is increasing in size although becoming older. This is because of a diversity of factors – more women will be available for work, for example; more people will be entering the working pool than retiring.

The National Computing Centre concludes that although there may be a skills shortage, there is no shortage of people anxious for a job in IT if given the chance. The centre advises firms to make greater efforts to recruit older people, women, ethnic minorities and people without academic qualifications. Many departments still insist on a graduate-only intake for the information systems function.

Yet the indications are that the balance of skills required from information systems specialists has changed significantly. Employers want more than analytical ability and logical minds; they are looking for communication and interpersonal skills.

Today's ideal recruit to the information systems function combines a good business brain with competence in technology. The hope is they will eventually become a "hybrid" manager, able to bridge the gulf between computer systems and lines of business.

Interestingly, college courses aimed at producing graduates who are immediately usable by industry have not proved entirely successful, the NCC says, indicating that these courses are not yet properly attuned to employer's needs.

While the skills shortage seems intractable, managers are pinning their hopes on three "magic bullets" for temporary alleviation of the symptoms.

● Investment in technology. The hope is that computer systems can be developed which will make it simpler to write software using skilled programmers or even no programmers at all.

These are called fourth generation languages (4GLs) and computer-aided systems engineering (Case). Companies which have used these systems often report impressive increases in productivity, yet Mary Cockcroft of Pagoda, a new company specialising in methods of tackling the skills crisis, says: "I have not, in years of trying, found anyone who can give me hard figures on the benefits of 4GLs or Case over a whole development programme. When you analyse the claims closely it all starts to fall apart."

Nevertheless, 4GLs and Case can contribute substantially to software productivity, but they are not a panacea. In particular, companies often underestimate how much retraining they will have to undertake to use software tools effectively.

● Externalisation. At one end of the scale this could involve a total facilities management contract with a company like Hoskyns of the UK or EDS of the US. At the other, it means the use of packaged software.

Kit Grindley of consultants Price Waterhouse estimates that when packages are included, more than 60 per cent of the UK's computer programs are provided through outsourcing.

Externalisation also offers opportunities to freelance software contractors. Fifteen years ago there were 200 in the UK; now there are nearly 20,000.

Outsourcing can help but it has limitations; in the long term if a company is going to be an effective user of technology it has to control the technology.

● Salaries. It would be naive to say that money is unimportant, but there is no evidence that high salaries motivate staff or reduce turnover rates. Software people seem to be driven more by the challenge of the work, and the respect of their peers and managers. Where cash has been used – in the run up to Big Bang in the City of London, for example – it simply caused a ratchet effect and generated ill will (and poor systems).

The uncomfortable conclusion is that to get the best from what will remain a scarce resource, management will have to make changes in recruitment, training and career prospects on a greater scale than it yet anticipates.

For companies with hundreds of data processing staff spread through the organisation, the task is complex and challenging. Butler Cox, the IT management consultancy, points to the importance of managers with people skills in the data processing management team, a role into which all technical people do not naturally grow.

It will involve substantial investments in time and money, but the alternative will be data processing departments unable to meet the changing demands of modern business.

A computer by any other name

IT is common enough for European or US companies to sell Japanese personal computers under a non-oriental brand name, but now a Japanese manufacturer is selling a PC which is made in France.

Citizen Europe of Uxbridge in the UK, the European computer printer arm of the Japanese watch company, is planning to sell a range of PCs manufactured by the French company Normerel. The machines will be sold through Citizen's European computer printer distribution outlets under the Citizen name.

The PCs are based on Intel's 286, 386 or 386SX processors and incorporate floppy disk drives made by Citizen.

● Daewoo, of North Korea, is also planning to sell its IBM compatible machines in the UK under its own name – they are already sold in the US, France, and Korea. The machines will be sold in the UK through software and peripherals distributor Software Limited, of London.

Polish telephones exchange signals

POLISH hotels will be the first customers of a UK-designed business telephone exchange which uses a novel technological approach to bridge the difference between analogue and digital telephone systems.

Developed by Expander Systems, of Basingstoke, the EX8 exchange sends the telephone conversations as an analogue signal, in the same way as older exchange equipment. But like the more modern digital exchanges it breaks down the conversation into tiny bits, puts them into a package, and the reassembles the call at the other end.

This technique, known as time division multiplexing, does away with the clumsy switching between outside and internal telephone lines of analogue exchanges.

The exchange is to be distributed in Poland by Furnel, of Warsaw, the furniture and information technology company, initially to hotels.

Oil and water in the pipeline

ONE of the difficulties encountered by exploration teams extracting oil from the sea bed is how to calculate the amount of water mixed in with the oil.

In the past most exploration companies have had to extract samples of the oily liquid in order to see what it contains – a time-consuming business. But a computerised measurement device, developed by Rosemount, of Minneapolis, helps solve the problem by analysing the oil and water combination as it flows through the pipes.

The device uses a group of sensors built into two U-shaped tubes which form a cul-de-sac off the main pipeline. The sensors measure the temperature, density and flow rate of the oil, and then feed the data by wire to the Net Oil Computer, as it is called. From the data supplied, the computer can calculates the proportions of oil and water.

WORTH WATCHING

Della Bradshaw

Walking away with clear sound

THE crackling and fading often associated with mobile telephone calls will not plague the next generation of digital cellular telephones, according to research by Dataquest Europe.

The digital services, often known as GSM, will come into use across Europe in 1991, offering significant quality improvements over the analogue services of today.

The drawback, according to the research (done in conjunction with Barclays De Zoete Wedd), is that the digital phones will be 30 per cent more expensive to buy and will weigh more than their analogue equivalents. The first phones on the market will be car phones rather than the hand-held units popular in the UK.

However, if you want a cheap, lightweight phone, the report suggests that it may be better to wait until the personal communications network technology becomes established in the mid 1990s.

A cleaner drop to drink

FEARS about the quality of drinking water are putting pressure on water companies to clean up their act.

To help them remove aluminium from tap water, Handy Chemicals, of Quebec, part of Alcan Aluminium of Canada, has begun production of a liquid compound that can do the job effectively.

Polymeric aluminium silicate sulphate is a polymer of aluminium sulphate with added silicate which acts as a coagulant, taking residual aluminium out of the water. It can be used as a direct replacement for aluminium sulphate in the clean-up process. The patented compound can also be used in the pulp and paper industry for making the paper impervious.

Orchestra enters the sitting room

IMAGINE relaxing in your sitting room and being able to listen to classical music which sounds just as if you are in the concert hall.

That is the experience promised by a sound system known as ambisonics, a technology developed at Oxford and Reading Universities with funding from the British Technology Group.

Ambisonics, for which Nimbus Records now has the sole marketing rights, involves changes in both the way the music is recorded and played. The music is recorded digitally with three microphones positioned at a central point in the hall or recording studio – one recording to the front and rear, the second from side to side and the third from all directions. In most of today's recordings microphones are dotted around the hall.

To play the recording at home you need a technological upgrade – four speakers instead of the traditional two.

Contacts: Citizen Europe: UK, 0895 72621. Daewoo: South Korea, 2 751 1591; UK, 01 423 7205. Software Limited: UK, 01 743 8080. Expander: UK, 0256 811440. Rosemount: US, 303 530 8480; UK, 0243 863121. Dataquest Europe: UK, 0895 835050. Handy Chemicals: Canada, 514 659 9693. Nimbus: UK, 930 6711.

ARTS

CINEMA

High jinks through suspended reality

Nigel Andrews on the idiot charm of the surreal and the real charm of the inspired

BILL AND TED'S EXCELLENT ADVENTURE
Stephen Herek

SANTA SANGRE
Alejandro Jodorowsky

UNCLE BUCK
John Hughes

COURAGE MOUNTAIN
Christopher Leitch

McCABE AND MRS MILLER
Robert Altman

Cinema is the art of the impossible. It could never happen that a pair of high school students travelling through time would meet Genghis Khan, Beethoven, Napoleon and Abraham Lincoln. Nor could it happen that a vaudeville act involving a deranged priestess with amputated arms and her young son does big business in Mexico City.

But these things not only happen, in *Bill And Ted's Excellent Adventure* and *Santa Sangre* moviegoers swallow them without a pinch of salt. In the first film, a cult hit in America last year, we are helped by the idiot charm of the title duo. Bill (Alex Winter) and Ted (Keanu Reeves) wear clothes that appear to come from the Martian branch of Oxfam and converse in a language combing ten-cent colloquialisms with twenty-dollar epithets. This is known in LA as Valley-speak.

"We are going to flunk most heinously," declares Bill (or is it Ted) of their forthcoming school history presentation. Ted (or is it Bill) agrees that they may fail "most egregiously." So they hop into a passing supernatural phone box and glide back through the centuries, recruiting famous historical persons for their project.

Pinballing round the space-time continuum to a rock soundtrack, we touch down in Athens to find Socrates, in the Middle Ages to kidnap Joan of Arc ("Heavy metal!" rave Ted and Bill as they try on their first suits of armour) and in the Wild West to enlist Billy The Kid. Plus other ports-of-call to collect the bigwigs already mentioned. By closing time, this entire Hall of Fame has boomed into the 20th century and is doing a knees-up in the school hall. Last scene of all: Abe Lincoln turns squarely to the camera and rasps out "Party on, dude!"

Keanu Reeves (left) and Alex Winter prepare to flunk most heinously in *Bill and Ted's Excellent Adventure*

I wish my history lessons had been like this. I only remember the sinister Miss Ptarmigan rapping us over the knuckles as we searched our heads for the date of the Battle of Bannockburn. (Yes, thank you, 1314; it is a bit late now). *Bill And Ted* is 90 minutes of total inanity, stuffed with bargain-basement jokes and special effects and directed as if for a pop video try-out by Stephen Herek. At the same time it is strangely delightful; like the idiot doodlings with crayon or paint of one's youngest child.

Acclaimed last year at Cannes, *Santa Sangre* is an Italian-made film with a mixed Latin and American cast and a Russian-Chilean director. It has now been released in Britain, though certainly not for good behaviour.

Alejandro Jodorowsky is the unblinking surrealist who gave us *El Topo* and *The Holy Mountain* films resembling those presents one sometimes receives that are beautifully gift-wrapped and contain, on being opened up, hissing snakes or severed limbs. (It has never happened to you?)

The severed limbs here belong to Concha (Blanca Guerra), a one-time priestess who had them lopped off by her circus strong-man husband Orso (Guy Stockwell) and now spends the rest of her life — or is it her after-life? — doing a look-no-hands vaudeville act with her son (Axel Jodorowsky). (He stands behind her and becomes her arms). But let us not dwell on the plot, we could be here all night. *Santa Sangre* is a whirligig of bloodstained phantasmagoria, variously featuring tattooed ladies, transvestite wrestlers, dying elephants, much blood, and nods to every antique Gothic movie from *The Invisible Man* to *The Hands Of Orlac*.

It all went down a treat in Cannes, where jaded late-festival taste buds needed some excitement. But on extended scrutiny the movie is no more than the sum of its faintly ludicrous parts: a mish-mash of yesterday's surrealism with the day before yesterday's horror film imagery.

*

Uncle Buck, written and directed by John Hughes (*The Breakfast Club*, *Pretty In Pink*), is like a large dirigible that has floated free from a secure mooring and is menacing civilisation from a great height.

The secure mooring is the movie's first half, when John Candy's balloon-size Uncle Buck moves into his brother's home to tend the children. (Ma and Pa are off visiting an ill relative). Laughter geysers forth as this primeval intruder tangles with the two precocious, large-eyed tots, exerting his influence on everything from the cuisine ("Holy smoke! He's eating our garbage," cry the kids) to the transport infrastructure. (His car leaves a trail of belching smoke to and from school).

Unfortunately the second half gets loose from this secure comic premise and blunders into a ghastly plot about the older, teenage daughter (Jean Kelly) and her love life. Can Uncle Buck save her from her randy boyfriend, the film asks? Why the hell should he, asks the audience? Least of all with power-drill, axe and golf club. Turning into "Death Wish 5: the Psycho Uncle," the movie throws out its comic ballast and charges into the dark night of black comedy, leaving the audience hungering for more simple fun on earth, in kitchen or kid's room. Wait for the video, snip it in two and keep the first half.

Warren Beatty as the charismatically addled entrepreneur who gives his name to Robert Altman's frontiers classic *McCabe and Mrs Miller*

I do not know which half you would keep of *Courage Mountain*, a uniformly dotty adaptation of the Heidi story starring Charlie Sheen, Leslie Caron and — as the Swiss girl legging it home to freedom across the Italian Alps — Juliette Caton. Lots of glee club acting and wish-you-were-here scenery: in short, more Heidi-Hi than Heidi.

*

Now for the most refreshing movie of the week. With ozone holes widening and polar ice-caps shrinking, what better meteorological tonic than a snowbound Western? Robert Altman's *McCabe And Mrs Miller* is an 19-year-old film set in 1900 that seems more modern than any film now showing in Britain.

Back in the early '70s, the director of *M*A*S*H* and *Nashville* was afflicted with that sometimes incurable disease, genius. Unfortunately in his case it has since proved curable and he has turned out turkeys like *Quintet*, *OC And Stiggs* and *Streamers*. But back then he earned his place on Parnassus with this tale of a mining town, its charismatically addled entrepreneur (Warren Beatty) and the battles of heart and hardware he waged with, respectively, the local brothel madame (Julie Christie) and three gunmen sent to shoot him. (He had refused to sell his businesses to a firm of bullies).

Only *Heaven's Gate* ever matched Altman's wonderful picture of frontier America. The town of Presbyterian Church, Montana, is a snowbound Gothic sprawl that might have been designed by Caspar David Friedrich. Through its icy mists mingle English, Irish and Chinese workers, as the town grows from a cluster of tents to a two-storey clapboard hamlet. The tallest structures are the church and the brothel: sacred and profane eyeballing each other across the grainy swirls of Vilmos Szigmond's superb photography.

These frontier people do not just tote guns and hardboiled dialogue. They think, feel, eat, drink and complain of boredom or diarrhoea. They are human beings like you or me. None more so than Beatty's McCabe, who mumbles rueful asides or soliloquies across bedroom or card-table, and Christie's cockney Mrs Miller, who retreats into melancholy and opium dreams as the town's snowy nemesis gathers.

Altman's feat is to have given the film a muddled human obliquity that never wars with its arrow-straight action trajectory. Even the characters chosen to deliver "messages," like William Devane's McCabe-helping anti-trust lawyer, do so in a frazzled, think-about-it style that causes double takes rather than Damascene enlightenment. ("Until people stop dying for freedom, they ain't gonna be free"). And when the gunfight climax comes, it owes less to John Wayne than to Matthew Arnold. Ignorant armies clash by night, or by blinding snowstorm, as the distraction of a burning church syphons off the townsfolk to leave McCabe alone with his unseen enemies in the whitening waste.

One of the joys of being a film critic is that a long unseen movie can re-surface and prove to be even better than remembered. Just so here. Treat yourself to a masterpiece for Easter.

Lohengrin

LA MONNAIE, BRUSSELS.

When opera stars take to producing one expects a fairly conventional, practical approach. An important recruit to the ranks of singer-producers is the soprano Anja Silja, who has made her début in that capacity with *Lohengrin* at the Monnaie in Brussels. Since Silja is an artist of exceptional gifts as singer and actress, with a rare command of tonal and verbal inflection and economical, expressive movement, one hoped for more than the usual playing safe. This thoughtful staging, severe but loving in its restraint, does not disappoint.

There is no knowing how Wieland Wagner, had he not died so untimely, would have developed or how far he might have reacted against the post-war Bayreuth style he created. Silja, of his leading interpreters one of the most deeply marked by his methods, shows their influence but not slavishly. The chorus, clad by Tobias Hoheisel in various browns for the Brabantines and grey for the troops of Henry the Fowler, is massed and nearly immobile. There can hardly be a moment in this production when any singer cannot see the conductor. The placing of individuals is visually and dramatically arresting. A striking example is the intervention of Telramund and Ortrud outside the minster in act 2.

In the simple settings of Adrienne Lobel a dominant role is played by a backcloth (and front curtain as well) of a seascape, surrealist in effect, seemingly related to the Magritte cloudscape used for the programme cover. Theocean, sunny but agitated, is present throughout the first act, is glimpsed again in act 2 when the palace arches disappear to clear the stage for the wedding procession, and is visible yet again beyond the garden loggia serving as bridal chamber for the first scene of act 3. The swan, at Lohengrin's arrival, is unseen except for shadows. Of his departure I cannot speak — since the opera overran by half an hour I had to miss the last scene to catch a plane.

Presumably the waves symbolise the swan knight's distant origin and long journey to Antwerp. That being so, Lohengrin might have been allowed a little more fairy-tale glamour in his costume. One hardly dare expect shining armour these days, but Josef Protschka was not helped by what looked like a dark-blue dressing gown over lots of woollies. Protschka's limpid tenor, never strained or forced, was a continual pleasure in spite of some flattening. The Elsa was the Danish soprano Tina Kiberg, a convincing actress, pure in tone with strength when needed. She has yet to learn the art of projecting her voice when not facing the audience or near stage front. The song to the breezes sung, not very far back, from the palace balcony, was only just audible. The couple were at their best in the act 3 duet, and here the Monnaie orchestra under Sylvain Cambreling played beautifully — I do not remember a better account of this scene. Cambreling's interpretation of the score in general was notable for the amount of light and air in the texture.

The single modern touch in the production, and a successful one, was the costuming of King Henry as a German general in field-grey overcoat, seated in the first scene at a map table, clearly about to issue orders for the coming campaign had he not been deflected by local difficulties. Harald Stamm made the usually tedious character interesting and even sympathetic. There was an incisive Herald from Eike Wilm Schulte, whose verbal clarity underlined some lack of that virtue elsewhere. Franz-Ferdinand Nentwig's sharply-etched Telramund was not ideally clear in his account of Elsa's supposed murder of her brother. The Ortrud of Livia Budaï-Batky, so majestic in her regally baleful gestures, needed an extra edge on the words.

The failing might have gone unmentioned if there hadn't been a Lieder recital in this same theatre the previous evening by the veteran Theo Adam (with a fellow-Dresdener, Rudolf Dunckel, at the piano). The absence of spring-like bloom on the voice in groups of Beethoven, Schubert (an imposing "Gruppe ausdem Tartarus") and especially in Schumann's *Dichterliebe* was more than compensated by commanding intelligibility. This artist still, in his 60s, has much to offer.

Ronald Crichton

Szymanowski

PURCELL ROOM

The thematic programming of a composer's music that is so popular at the moment often throws up its most interesting evenings in the small-scale events that ripple out from the main concerts, as is the case with the Szymanowski series at present taking place on the South Bank.

If Karol Szymanowski is known to the general public in this country at all, it is not for his songs. But the pianist Iain Burnside has devised four recitals at the Purcell Room that not only present most of the composer's mature groups of songs but also set the music within a specific framework. The second, on Tuesday, took folk music as its theme and placed Szymanowski centrally within the nationalist frame he sought in the 1920s.

The first product of his return to Poland was a song cycle called *Slopiewnie* — an almost hallucinatory piece, in which the composer set his sights on some mythical national identity. The songs speak their own fantasy language, with odd words fragmented and tossed about, though there was little sign here of the primeval "cries and shrieks" that the score is also said to contain. Ingrid Attrot's singing made it rather seem strangely beautiful.

She was also the delicate soloist in four of the Kurpian Songs, Op. 58. These are more conventional folk settings and it was fascinating to compare them, as the programme intended, with *Village Scenes* by Bartók, written a few years earlier, aggressively earthy pieces and delivered as such by the mezzo Tamsin Dives.

After the interval we had a strongly-sung and often moving performance of Janácek's *Diary of One who Disappeared* from Adrian Thompson. This is a work that strains the limits of its form and the decision to provide a dramatic setting with lights down and theatrical movements was a valid, if not wholly successful, attempt to recognise the fact. Better just to listen, for Burnside's lively accompaniment stimulated the imagination far more effectively.

Richard Fairman

The Same Old Moon

NUFFIELD, SOUTHAMPTON

This new play coats a lot of bright, comic sugar around the following bitter little pill: our parents wilfully misunderstand us. Brenda Barnes, child of a Northern Ireland Catholic family, is buffeted between her malicious and hostile father and her prattling, inconsiderate mother. Small wonder that she has to be different; she becomes English, thoroughly, and a writer, less successfully. *Same Old Moon*, in which the adult Brenda returns in mind to her childhood, is her voyage around her parents.

The author is Geraldine Aron, the director Ned Sherrin. The pill is real, but their stress is on the sugar-coating, very expertly applied. Much of the comedy is in the supporting Irish roles — such as Aunt Peace ("Don't touch me unless you want chilblains"), the good-time neighbour Bella Rafferty, and a Mother Superior who uses a doughnut and boudoir-biscuit to explain the facts of life.

Each of the 20 scenes proceeds fluently, the dialogue is always natural; the designs (by Paul Farnsworth) are simple and effectively atmospheric, the sense of changing period (from the '40s to the '80s) is always neat.

But the play in general is several degrees too cute. Its pacing and Irish stereotyping are so pat that the first-night audience tittered, roared, clapped and purred at all the right cues. At present, however, *Same Old Moon* applies much of the same smooth, glib approach to Brenda herself — even as it suggests that she's misunderstood by not only her family, but the whole world too. And the more hard-done-by Brenda appears, the more objectionable the minor caricatures, and the play's relish in stock Irishness, become.

It is at its most skilful with the often hateful, eventually complex, role of Desmond, Brenda's father; as whom, James Hayes gives an outstanding performance. Will, in later performances, Glynis Barber find a less artful way of showing young Brenda's naivety? And will Julia Foster give a more forcefully rounded account of her mother and grannie? Despite much fine detail from Foster throughout, and Barber's skill as Brenda the adult, they don't yet dominate. The minor roles, however 2-D, are zestily played, especially by Pauline McLynn as Bella and Di and Anny Tobin as Peace.

It seems that the play is embarrassed by the bitter taste at its core, and anxious to laugh that off. Which, with an alarming dose of charm, winsomeness and professionalism, it does.

Alastair Macaulay

Much Ado About Nothing

ROYAL SHAKESPEARE THEATRE, STRATFORD-UPON-AVON

Alastair Muir

Roger Allam and Susan Fleetwood make Much Ado . . .

Bill Alexander's new production finally disproves the old cliché that all you need for a good *Much Ado* is a strong central couple. The proof takes the brutal form of surrounding a stylishly witty Beatrice and Benedick with decent but unremarkable support and watching the play plod downhill of its own accord. The fault is less that of an untalented company — plenty of promise here, if not yet much fulfilment — than of directorial uncertainty as to what style to adopt.

At first it looks unfashionably straightforward: Carolingian costumes, Van Dyck shading into sober Parliamentarian (mercifully, no comic puritans). Benedick sports an upturned moustache, part Velazquez' Philip IV, part Laughing Cavalier. Kit Surrey's design runs to a highly stylised piece of topiary for the eavesdroppers' arbor, a closed tulip-shaped tree in which Benedick hides and from which his face peers like an Egyptian mummy swathed in foliage. But the swags and chandeliers flown in are 1950s utility-elegance left over from a Festival of Britain production of Fry or Anouilh. And the direction perversely courts artificiality in the midst of naturalism with its bumbling town watch passing unnoticed by the malefactors despite the lantern held high in the encircling gloom; and Beatrice standing upright next to the conspirators whom she's meant to be secretly overhearing, and in full view.

This is a point where the quality casting tells. Beatrice is Susan Fleetwood, here playing not for laughs but for remorse and concern as she swallows the bait about Benedick's alleged love for her. Miss Fleetwood is a ridiculously underused actress. This Beatrice can touch the heart with "My mother cried; but then there was a star danced and under that I was born." Her rage at her cousin's betrayal is furious and frightening. And the scene of cautious admission of love between her and Benedick, old sparring-partners incredulously drawn to each other, was played, tearful and tense, to a breathlessly silent house — all coughing stilled for once, and no laughs despite Benedick's previous display of comedy. This was superlative playing by master craftsmen, for the Benedick is Roger Allam. The character's triumphant rationalisation (to his own satisfaction, at least) of Beatrice's sharply graceless summons to supper into a declaration of love won applause from the house. Left to themselves, these two intelligent and witty players recognise the seriousness underlying all great comedy. Mr Allam hardly needs pink high heels for the newly amorous Benedick to totter on.

The production sensibly prepares us for that notorious emotional gear-change of Beatrice's angry "Kill Claudio!" quite early on, not only with the actress's sober portrait but with Benedick's resentment when he thinks the prince is stealing Hero for himself while ostensibly wooing for young Claudio. Some things are evidently just not on for this honorable if easy-going warrior. Unfortunately some of the supporting roles, while emphatic, are colourless and under-characterised.

The nasties are over-vehement, which does not stop Ken Shorter's plummy-voiced Borachio being occasionally inaudible. Vincent Regan's baleful Don John is very positive, reminding us that unlike most Elizabethan Machiavels this one complains of being condemned for *not* dissimulating his feelings. Mary Chater makes a bright mark as that ambivalent trollop Margaret; Alex Kingston's Hero has vigour rather than charm — though this compares favourably with those of her colleagues with neither. A puzzling production with at least two first class ingredients. It evidently needs a good whisk to make it less — well, *dull*.

Martin Hoyle

Royal Philharmonic

FESTIVAL HALL

On Tuesday, the RPO completed a tough assignment with great credit: performing all three of Peter Maxwell Davies' large-scale symphonies within two weeks. This time they had Edward Downes, whose expertise at clarifying orchestral colours and sustaining live tension is justly admired, to conduct the Third Symphony (1985). Despite his best efforts — or perhaps because of them, but I doubt that — this long, elaborate work still seemed expressively opaque for three of its four movements. The violence of much of the writing (instruments in extreme registers, aurally scathing "climaxes" which don't seem to be climaxes *of* anything) eventually sounded like a lurid dress for hermetically private concerns.

As we are repeatedly told, each of these three symphonies is based on some mediaeval plainsong, permutated through a "magic square" formula. Though much more than that has gone into the shaping of the music, it needn't be doubted that those abstract patterns will disclose themselves - in part, at least - to an attentive ear. Family resemblances are there to be heard, though to work out exactly what they amount to you would need pencil and paper as well as the full score (and a lot of time).

What remains problematic is the grand "symphonic" plan, with all the high contrasts and dramatic fractures that Davies deems necessary for an extended orchestral piece. His method disdains thematic identity (no tunes, hardly even repeated motives), and the mere fact that the harmony sometimes admits a gravitational pull toward a "tonic" doesn't begin to re-create the tonal tensions-and-releases in Sibelius or Mahler, Davies' avowed models. He trades heavily upon excited tremolos, doomy timpani, scarifying brass. One might suspect an orchestral melodrama wilfully imposed upon abstract material, not generated by it.

The saving grace of the Third Symphony is its finale, an anguished "Max Adagio" in the line of his Second Taverner Fantasy and *Worldes Blis*. Here the fraught contrapuntal dialogue carries its own immediate conviction, in which numerology is a minor (though quite possibly essential) factor. Some day, perhaps, one will discover ways of hearing all the Davies symphonies like that. My unregenerate belief is that the pre-"symphonic" Max music usually generated its own dramatic forms with palpable force, and that his newly tonal music — with the long solo lines he spins so eloquently — is doing that afresh; and that the symphonies are transitional hybrids which fall, with the loftiest intentions, between stools.

Earlier, Downes conducted old Stravinsky's Gesualdo transcriptions with more sympathy than they really earn. Only the posthumous Stravinsky-industry accredits these marginal exercises. In Bartók's Third Piano Concerto Janina Fialkowska was a nervily alert soloist, somewhat brittle in the outer movements but — like Downes — raptly sensitive in the Adagio religioso, which after all is the heart of the matter.

David Murray

SALEROOM

Best of a bad day

Yesterday was not the best of days for the London salerooms. In their morning sessions Sotheby's sold Old Master paintings for £4.8m, but with 29 per cent unsold, while Christie's European sculpture and works of art managed only £536,954 with 46 per cent unsold and its decorative arts after 1880 made £395,120 with 35 per bought in.

The big casualty at Christie's was the Florentine bronze group of Hercules slaying the Lernaean Hydra, which was cast in the late 16th century by Antonio Susini from a model by the great Giambologna. It is one of many examples but was considered the best, and the highest (unsuccessful) bid of £280,000 was disappointing.

The dealer Danny Katz saved the day, paying £110,000 for a Florentine marble bust from the mid 16th century of a mature bearded man, attributed to either Bandinelli or his follower de' Rossi. Its top estimate had been £40,000. Katz also paid £52,800 for a bronze statuette of a young woman trimming her toenails, 11 inches high, sculpted around 1600 by Barthélémy Prieur. A Swedish "heroic" sized portrait bust of Count Joakim Beck-Friis by Sergel, Sweden's leading sculptor of the 18th century, was at the bottom of its estimate at £55,000.

Top price in the morning session of decorative arts was £93,500, twice the top estimate, which secured a Carlo Bugatti ice bucket in white metal.

Among Sotheby's Old Masters the David Gallery of Zurich paid £814,000 for a Dutch still life of flowers by Ambrosius Bosschaert the Elder. A more demanding work of the same period and place, "The wedding of Peleus and Thetis" by Joachim Wtewael, was spot on target at £770,000. A Swiss paid £385,000 for a still life of shells and coral by the 17th century French artist Jacques Linard and another Dutch still life, by Pieter Claesz, featuring fish, a salt cellar, bread and olives made £319,000.

The danger in selling collections of art prematurely was well illustrated by the 16 mainly Dutch Old Masters assembled by Mahmoud S. Rabbani in the last 15 years. They were offered, in a hardback catalogue to stress their importance, by Sotheby's yesterday, but only five sold, for £248,000, and the unsold value was 70 per cent. Yet again a floral still life, by Nicolaes van Verendael, made the top price, double the estimate at £143,000.

Antony Thorncroft

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A false dawn for US trade

LAST WEEK'S economic reform agreement between Japan and the US offers short-run benefit, but long term risk.

Its immediate effect should be to calm bilateral tensions that had threatened to derail the Uruguay Round of multilateral trade negotiations. Yet it is most unlikely to reduce the US trade deficit with Japan. This will disappoint Americans, whose hostility towards Japan may eventually become even more pronounced.

The agreement is psychologically linked, although not formally, to other new agreements on satellite development and supercomputer procurement by Japan. A further pact, on lumber, is possible shortly. These accords come just weeks before the US is due to name a new list of countries whose trade barriers it intends to target under Section 301 of its 1988 Trade Act. There now exists an excuse for leaving Japan off the so-called Super 301 list.

This, in turn, could help avert a possible crisis at a crucial moment in the Uruguay Round of multilateral trade negotiations. Last year's decision to target Japan, India and Brazil under Super 301 provoked a furious international outcry. It would be best for the negotiations if no countries were named this year.

Doubts remain, however, about Japan's ability to deliver changes in the law on land tax, a political and legislative minefield just as explosive as the mismanaged consumption tax of two years ago. The same applies to retail reforms, which, alongside increased public spending, are the other key part of the agreed reform. New legislation is not required, however, for the initial step of cutting from 10 years to 18 months the approval time required to open a large department store.

Manufactured exports

Even if Japan does manage to deliver, these reforms will bring no trade relief to the US. Its manufactured exports are ill-suited to the Japanese market. If Japan's propensity to import does rise as a result of the reforms, its importers are more likely to head for other Asian countries or to Europe.

Thus the agreement's weakness is that it will disappoint, ultimately giving rise to even greater frustration. The promised benefit to the Uruguay Round may also be limited.

There is nothing here which promises an end to US unilateralism. On the contrary, the apparent US success in persuading Japan to give way will be seen by some as a vindication of the unilateral approach.

Post-war trading

Europe is rightly worried that another outcome will be Japanese preference for US firms in public procurement, or in the application of its competition law. This bodes ill for the multilateralism which has been the basis of the trading system that has served the post-war world so well.

A radical change is needed in the US approach. It must accept that its trade deficit is almost entirely a consequence of its own flawed economic policies and not the result of cheating by a major trading partner. Moreover, what matters is not its bilateral deficit with Japan, but the overall current account out-turn, which is what has to be financed.

Next, the US should declare its intention to back away from unilateralism. This would be a real boost to the Uruguay Round. Simply stopping Super 301 actions for a year would not convince its partners in the Gatt to seriously negotiate on stronger procedures for settling disputes.

Finally, a multilateral forum, possibly the Gatt itself, should be found to take up the structural issues covered by the US/Japan talks. This should be an urgent task of the Houston Summit in June. Mobile investment flows and the struggle for technological advantage have made competition policy issues increasingly likely to provoke international disputes. Efforts to resolve them should neither be bilateral nor indirectly linked to the threat of sanctions in trade in goods.

The US, whose deficit is very much of its own making, promised almost no reform of its own in its agreement with Japan. A multilateral approach to structural reform and its external implications would be more likely to produce a reasonable balance of concessions.

The Greek dilemma

WHEN MR Jacques Delors sent his dire warning to the Greek government at the end of last month he did not append any explicit advice to Greek voters on how they should cast their votes. Yet it is hardly surprising that his letter was publicised by the conservative New Democracy party of Mr Constantine Mitsotakis.

There were two reasons why Mr Delors's message pointed logically in that direction. First, the austerity measures he said were urgently needed are much closer in spirit to New Democracy's economic philosophy than to that of its opponents, whether socialist or communist. Second, the main reason why Greece has been allowed to drift into such economic straits is that for the last year, at least, it has not had a government strong or united enough to adopt any clear economic policy, let alone one that is bound to involve considerable short-term unpopularity.

Greece has lived through three consecutive election campaigns: the first with a discredited and scandal-ridden socialist government, trying desperately to win back some of its lost popularity at almost any price; the second with a bizarre coalition of conservatives and communists, agreed on purging the legacy of socialist corruption but not on any economic strategy; and the third with a caretaker government of all three parties under a technocratic prime minister. Only a clear majority for New Democracy, which won a comfortable plurality of seats in both the June and November elections, offered any hope of breaking this deadlock.

Implicit advice

Just enough Greek voters took Mr Delors's implicit advice last Sunday to enable Mr Mitsotakis at last to form a government. In fact New Democracy won exactly half the seats, but Mr Costis Stephanopoulos, whose centre-right splinter group secured just one, has offered his support. It is hardly the ideal political base from which to launch a draconian austerity programme: a situation made all the more galling for Mr Mitsotakis by the fact that his party secured a larger percentage of votes than any ruling party in any other EC member state.

This uncomfortable situation, like the two hung parliaments that preceded it, is the direct result of the electoral system adopted by the last parliament which did have a clear majority. Like his French counterpart in 1985, Greece's socialist prime minister, Mr Andreas Papandreou, knew that he was going to lose and therefore decided to make it as difficult as possible for anyone else to win. But he did a more thorough job of it, or else the Greek voters of 1989-90 were less determined in their anti-socialism than the French voters of 1986.

First inclination

Mr Mitsotakis's first inclination in these circumstances will no doubt be to introduce a new electoral reform and then ask the country to give him a more decisive majority. Such a course could be justified not only by partisan self-interest but also by the argument that a bigger majority is needed to push through his economic programme – especially as that programme is bound to involve reversing some of the socialist measures introduced by Mr Papandreou, who has promised his supporters he will not allow this to happen without a bitter parliamentary fight.

But it would mean yet another election campaign, which is about the last thing voters want, and yet another postponement of serious economic decisions, which the country can ill afford. Moreover it seems unlikely that Mr Stephanopoulos will be eager to vote for an electoral reform which, presumably, would have to strengthen the chance of a single-party majority by making it harder for very small parties to win seats.

Mr Mitsotakis may therefore have no choice but to soldier on with the majority he now has, holding it together with the threat that the electorate will be likely to punish any party, or any individual, who takes the responsibility of plunging the country into a new crisis and a new election. The rewards of firmness may be uncertain, but the reward of hesitation and half-measures would certainly be worse.

The case for an independent central bank is often put as if it were a pure gift to that bank to enable it to do what it likes. As such the idea is rejected by populist democrats, ranging from Mrs Thatcher to the Labour Party.

The truth is almost the opposite. Independence, within a carefully designed framework of responsibility and a clear policy goal, is likely to make central banks more accountable rather than less.

These thoughts come to mind in relation to the First International Celebrity Lecture given by the Governor of the Bank of England, Mr Robin Leigh-Pemberton, at Durham Castle last Thursday. He said the present inflation rate had shown that something had "gone quite badly wrong" and that "policy mistakes" had played a part.

The lecture was not intended to help the Tory disinformation brigade to find a scapegoat. Nor did it try to absolve the Bank of responsibility. The use of the word "we" in all the crucial sentences was no mere formality. The Bank did not, however, go out of its way to prevent the speech from being misused by those with an axe to grind.

The Bank of England was in fact involved up to the hilt in most of the mistakes (which go rather further back than the Governor indicated). It was the Governor's own earlier Loughborough Lecture of October 22, 1985 – which was the product of much backroom research – that first tried to demonstrate that the growth in broad money and credit at high double digit rates reflected a desire to hold higher liquid balances rather than to spend. Indeed I am not convinced that even with hindsight the Bank knows how it should have dealt with the spending boom associated with financial liberalisation.

The reaction to the Durham Lecture does bring into focus the curious present constitutional position of the Bank, in which it is able when it wishes to distance itself from the Government of the day in a so-slightly superior way, but is not publicly accountable for its own advice and actions. Is not this the worst of all worlds?

Either the Bank should become a normal branch of government; or it should be given specific responsibilities for which it is publicly accountable.

The latter alternative is preferable, not merely because it is fashionable or because it fits in with the moves to a European monetary policy. It is intrinsically superior, because responsibility for stable prices is best entrusted to an agency at arm's length from government.

There is nothing at all undemocratic here. The judges are independent of ministers, but they have to apply the law and are appointed by a democratically-determined process. Central bankers, however independent, have (unlike judges) to give regular accounts of themselves.

For it would be intolerable to have a completely floating body, accountable to no-one and without clearly-defined responsibilities, like the prewar Bank of England. The issue was well put by the former Deputy Governor, Sir George Blunden, before he retired, in his Julian Hodge Lecture of February 14 this year when he said: "The use of the word 'independence' may draw attention away from a more important issue. This is whether a central bank should be given a specific mandate to pursue one or more objectives of economic policy."

One crucial issue is whether price stability should be the main object of monetary policy, or whether there should be a compromise between various objectives such as stable prices, growth and high employment. It is no accident that renewed support for an independent central bank has accompanied the decline of the post-war belief that there was a long-term trade-off between unemployment and inflation. In that case, it is helpful to appoint an agency specifically charged with seeking price stability and not tempted to exploit any transitory and uncertain trade-off for fleeting electoral purposes.

One reason why the Bundesbank has had a more clear-cut success record in following price stability than the Fed is that its prime duty is designated as that of safeguarding the currency. The Bundesbank is not responsible for deciding German boundaries, or the area in which the Mark is to be legal tender – the subjects of its supposed rebuffs in recent weeks. The Bundesbank is also required to support the policy of the federal government, but only as far as consistent with its price stability objective.

In the case of Germany and Switzerland, the central banks are powerfully reinforced by a public horror of inflation which has contributed to their autonomy. In the UK, on the other hand, belief in the Phillips curve trade-off between inflation and unemployment still lingers, most of all among those who have never heard of the curve.

Or, as Sir George put it: "Once we achieve a lowish annual rate of inflation the tendency is for public opinion to feel that the job has been done, that further progress is not necessary and that monetary policy may be relaxed."

The interactions can, however, be fairly subtle. As Sir George went on to remark: the granting of a specific mandate to a central bank to produce price stability could influence expectations and persuade people of the importance attached to price stability by the Government. A central bank with a mandate to pursue price stability could help to keep the Government committed to this objective and make it more difficult for a subsequent Government to downgrade it.

The former deputy-governor reminded us that the main example of independent central banks – the US, Germany and Switzerland – were federal states where there is a strong suspicion of central government. In the European Community, the name Eurofed is itself revealing – even if it does not require a literal United States of Europe.

The problem of independence and accountability in the unitary states seems, however, less formidable now that New Zealand has embarked on this path (as has, apparently, Chile). The 1989 Reserve Bank of New Zealand Act, instigated by a Labour Government decrees that achieving and maintaining price stability are the sole objectives of monetary policy. The Act provides for a precise contract between the Government and Reserve Bank, which was signed on March 2. The Reserve Bank has been told to achieve an inflation rate of 0 to 2 per cent in stages by 1992 and maintain that rate for the remainder of the term of office of Governor Donald Brash, which expires in August 1993, and beyond. The governor's job is at risk if the target is not achieved.

Because the New Zealand Consumer Prices Index is distorted by "investment related expenditure in the housing field," the Bank is to prepare an alternative internationally comparable index containing – instead of mortgage interest – a measure of imputed housing rental. Inflation targets may be renegotiated on the basis of this adjusted measure. This gateway was a direct result of the Finance Minister, David Caygill, observing the distorting effects mortgage interest exerted on the British "headline" inflation rate on a visit to London last year.

Two other grounds for renegotiation are changes in the General Sales Tax and significant shifts in the terms of trade. The latter is is a reflection of New Zealand's peculiar vulnerability to international commodity price movements. In both cases only the direct effect of tax changes will be allowed to feed through into the price level. There will be no accommodation for second round effects, such as attempted catch-up increases in wages or profit margins.

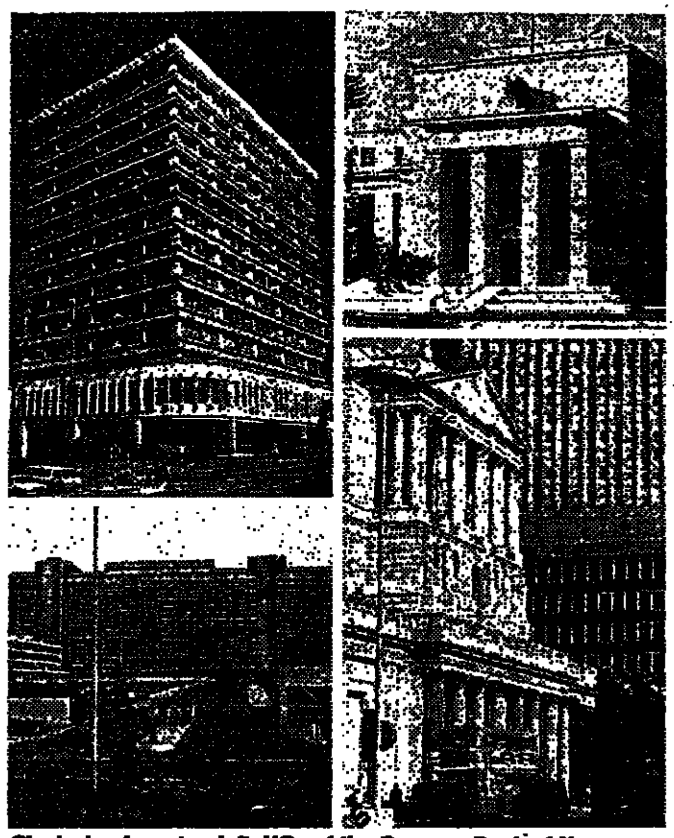
In Britain any increase in the Bank of England's dependence is more likely to come gradually in the course of its participation in the European Community Committee of Central Bankers, under the Bundesbank president Karl Otto Pöhl – which is already trying to concert policy as part of the first agreed stage of the Delors Plan. When national legislatures realise how little influence they have in these processes they could well wish to accelerate the development of this committee into a formal Eurofed, which would at least have to report to democratically elected bodies.

The general moral is that accountability and independence go together. The Bank of England has too little of each.

ECONOMIC VIEWPOINT

Bank needs to account

By Samuel Brittan



Clockwise from top left: HQs of the Reserve Bank of New Zealand, the US Fed, Bank of England and the Bundesbank

Responsibility for stable prices is best entrusted to an agency at arm's length from the elected government

BOOK REVIEW

Weighing up US supremacy

BOUND TO LEAD: THE CHANGING NATURE OF AMERICAN POWER
By Joseph Nye
Basic Books, 307 pages, $19.95

As the Soviet empire disintegrates, there is a curious and symmetrical tendency to write off the other superpower – to proclaim the end of the American century in the face of the financial power of Japan and a resurgent and self-confident Europe.

The notion that the US now faces an inexorable loss of economic and political power became fashionable two years ago after the publication of Paul Kennedy's The Rise and Fall of the Great Powers. He offered a theory of "imperial overstretch", the sapping of resources through the maintenance of extensive overseas commitments. Even then, that looked a better description of the problems of Moscow than of Washington.

Now, the Soviet Union is obviously on the retreat and western values are advancing in eastern Europe and Latin America. Yet there is no mood of euphoria in Washington; no victory parades are being mounted. Rather, there is apprehension about America's long-term competitive position.

Joseph Nye, a Harvard professor and former Carter administration official, acknowledges these worries but persuasively answers the pessimists in Bound to Lead. He sees the US remaining the dominant world power, with no challengers in sight.

Although the US is less powerful now in relative terms than in the late 1940s, he says the erosion in America's position mainly occurred between 1950 and the mid-1970s as Japan and Europe recovered from the war. Since then the US's economic standing has been fairly stable. The US remains by far the world's largest economy. It still has more than twice the total output of Japan, and even a slightly higher share of world exports.

Professor Nye analyses the roots of power – basic resources of population and size, military, economic, science and technology strength as well as intangible factors such as national cohesion, universal culture and international institutions. He argues that the US remains strong in all these areas, unlike Britain when its power started to decline a century ago. Meanwhile, Europe, Japan, China and the Soviet Union are strong in half these aspects at most and deficient in the rest.

The economic and technological weaknesses of the Soviet Union and China are obvious, but for all Japan's economic strengths and national cohesion, its potential role as a world power is also limited by constraints on its military capabilities, by its cultural insularity and by its lack of influence (so far) in international institutions.

Potentially the strongest challenger is Europe, whose main weakness at present is a lack of "national" (or rather Community-wide) cohesion, but that may be overcome during the next decade. Professor Nye accepts that, "if economic reforms reverse Soviet decline, if Japan develops a full-fledged nuclear and conventional military capability, or if Europe experiences a dramatic increase in unification, there may be a return to classic multipolarity in the 21st century. But barring such changes, the US is likely to retain a full range of power resources considerably greater than those of the other countries."

This does not mean complacency about domestic challenges, warns Professor Nye, who lists deteriorating infrastructure and social divisions, low savings relative to the public sector deficit, a poor average educational performance and a shrinking technological lead as familiar threats to competitiveness. However he is optimistic, perhaps too much so, about the ability of America, and its political system, to address these domestic problems. Nevertheless, he argues that decline is not inevitable.

Yet while American preponderance may continue, Professor Nye says that American hegemony is not likely because of new challenges which cannot be controlled by traditional power. States have become more interdependent with a diffusion of power.

"Compared to the 1950s, the US ability to control international financial markets has diminished, America's vulnerability to disruptions in oil markets remains, more countries are potential suppliers of nuclear and military technology, and a host of new transnational problems have arisen (global warming, drugs and terrorism)." With the use of military force increasingly a last resort, even strong states such as the US have to rely on co-operation, via international institutions, rather than command or coercion to achieve their aims.

Professor Nye concludes that "while the 1990s will require Americans to cope with the debts of the previous decade, . . . they can afford both social and international security. . . . The ultimate irony would be for Americans to perceive these short-term problems as indicators of long-term decline and respond by cutting themselves off from the sources of their international influence."

In short, the main threat to America's power lies in failure to tackle domestic problems and in never-entirely-dormant economic nationalism.

Peter Riddell

OBSERVER

Throwing the Easter egg

■ Never mind the cricket or the football. The great sporting event this weekend takes place at Aldbourne in Wiltshire on Easter Monday. It is the first international egg throwing championship.

The idea was borrowed from Observer, who in turn picked it up from the great Australian bowler, F R Spofforth. He was the man who could bowl any sort of ball – fast, medium, off-break, googly or whatever – from the same run and what appeared to be the same action. He could also throw a newly-laid egg 50 yards and land it on turf unbroken.

The people of Aldbourne, which holds the award for the best kept village in the county, plan to put Spofforth in the shade. They say that even at the first attempt some of them could throw an egg 70 yards without breaking it.

One way of doing it is to skip the egg across the ground, rather like making a stone skim across water. But it depends on the condition of the turf, and indeed the state of the egg. If the ground is soft, it is better to go for a throw without bouncing. Very fresh eggs, laid (say) within the last hour, do not travel as far as those laid a few hours earlier.

Thames Valley Eggs is providing 1,000 eggs for the championship. Anyone can join in at a cost of 40p a throw, the proceeds going to village charities. It starts at 11 am, goes on till 4.30 pm, and there will be special sections for men, women, under 14s and under 7s.

Biscuits unite

■ Eight is the luckiest of numbers for the Chinese, as Sir Hector Laing, chairman of United Biscuits, discovered when he opened his company's joint venture factory in Shekou, southern China, yesterday.

No-one could decide who should cut the ceremonial ribbon, so Laing shared the job with seven other people. It rained heavily, but, as guests were reminded, water is propitious under Chinese feng shui beliefs.

Thus, one month before he retires after more than 40 years with the company, Laing was able to open his first new biscuit factory on a green field site. "I have always thought that on my death-bed I will still be dreaming of thousands of Chinese people munching digestive biscuits," he said. "We are on our way."

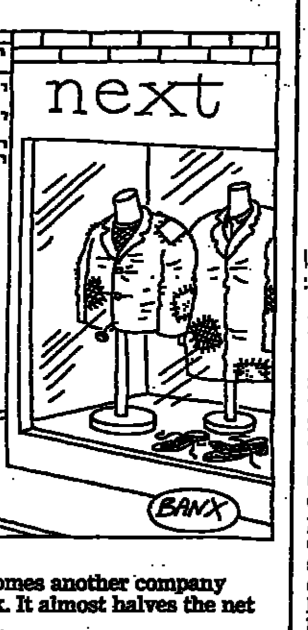
Shirt perks

■ There is a splendid service operating in the Kensington area of London called Just Shirts. You can have your shirts picked up in the morning and returned in the evening, cleaned and folded. Although the price has gone up a bit from £1.10 a shirt, when the company started a year or two ago, it is still altogether better than the old laundry business.

For those who commute to the City, however, there is another company called Shirt Point, which becomes steadily more ambitious. It will pick up not only your shirts, but also your suits from the office.

The charges are quite high: £2.25 a shirt and £9.95 a suit. But William Holt, the director, says that he is expecting a turnover of more than £500,000 this year.

The best way to do it, Holt explains to employers, is to take advantage of corporation tax benefits. Shirt Point provides a company with redeemable vouchers and undertakes to look after the administration of the scheme. All the company has to do is to decide which of its employees deserve the service. The laundering of shirts and suits thus



becomes another company perk. It almost halves the net cost.

The Treasury has not so far had anything to say on the subject, though a budget a few years ago penalised the hiring of the "company suit".

French growth

■ There is a paean of praise for France today in the annual report of the OECD on its economy. Would that some of the comments could be made about Britain!

The economy has been growing at an average rate of 3.4 per cent a year since 1987, way ahead of all the forecasts. The OECD suggests that this year it could outperform the average of the other countries in the OECD area on the inflation and growth fronts, while at the same time the current account deficit should remain modest.

The rate of growth of public expenditure has been below that of gross domestic product since 1986. And the report gives particular praise to the policy of "competitive disinflation". "The avowed goal of the authorities," it says, "is to reduce French inflation to a rate at or even slightly below the lowest levels recorded by partner countries, and thereby to allow substantial and sustainable growth.

"To this end," the report goes on, "monetary policy has had a vital role to play. It has been been geared increasingly to the stability of the franc within the exchange rate mechanism of the EMS. The adherence to the strong-franc policy has not only served to restrain wage and price setting but is also viewed by the authorities as a precondition for France to enter an eventual European monetary union on an equal footing with other low-inflation countries."

So much for the economic comment. There is also a political reason why we should be pleased by the strong French economic performance. Ever since I can remember, the essential goal of French policy has been not to fall too far behind West Germany. There have been times when it seemed that it would. Now, if anything, it is catching up.

One consequence is that France has become more self-confident. A France that was politically and economically weak would find it much more difficult to cope with a united Germany. So the sustained economic growth has come at the right time.

Late news

■ A six-foot pet boa constrictor was thought to be loose in the sewers of Balham, south London, last night after disappearing from its owner's bathroom.

Scotland Yard warned that the snake could pop up in lavatories in neighbouring houses. "If anybody encounters the snake they should shut the toilet seat or door and phone the police immediately," said a spokeswoman. She added: "The snake is normally docile and should not be hungry as he was fed yesterday."

Kevin Brown reports on the disputed monopolies of Europe's postal services

The big sort out soon to come

Ever so gently, the apparently solid foundations of Europe's monopolistic state-owned postal administrations are beginning to tremble. After almost 20 years of skirmishing, a battle between the post offices and their well-financed private sector rivals is coming to a head in the European Commission's headquarters in Brussels, where officials are preparing a Green paper on postal services which could decide the shape of the industry for a generation.

It is not a battle for the fainthearted. The privateers accuse the post offices of bad faith, conspiracy, strong arm tactics, and breaking the Treaty of Rome. The post offices claim their services to rural areas could collapse, with consequent social upheaval, without cross-subsidy from profits generated by their monopolies.

The stakes are high on both sides. The post offices want the Commission to entrench their existing legal monopolies on the collection and delivery of most domestic letters, and perhaps extend it to cover disputed areas such as international letters and parcels services which have been invaded by the private sector over the last two decades. Some of the private companies want a deregulated free market which would scrap all monopolies within Community boundaries.

The battle has its roots in the development of postal services in the early 1970s by entrepreneurial companies which saw that the national post offices were not reacting quickly enough to the growing internationalisation of industry. Slowly, the privateers developed a matrix of services offering guaranteed delivery over a range of periods between 12 hours and several days. The European market for such services - dominated by the US giants DHL, UPS and Federal Express, and the Australian conglomerate TNT - is now worth more than £11bn, and handles more than 3bn items a year. Even more galling for the post offices, the private companies

More efficient post offices would be happy with some liberalisation

found a way of exploiting difference in prices between national post offices for customers who wished to send a lot of mail, but were not concerned about speed. These "remail" companies collect bulk shipments of mail from organisations such as banks, credit card companies and mail order catalogue producers, and transport it to a third country for posting through the post office system.

Remailing is worth between £50m and £100m a year, and could not exist unless some of the post offices co-operated. But even the low-cost post offices which benefit from the extra business dislike being forced into direct competition with their colleagues in other postal administrations.

The private companies have had a number of legal victories over the years, as the Commission and member states have gradually accepted that there is no legal monopoly on international express and courier services. West Germany, Belgium, France and Italy have all been ticked off by the Commission and told to stop obstructing the privateers.

But the post offices have not stood idle while all this has been going on. The fight-back started in earnest in April 1987, when the UK Post Office called a conference of European postal administrations in London to discuss ways of spiking the private sector's guns. That conference led directly to a proposal approved in Washington late last year by the Universal Postal Union, the world regulatory body for postal services, which attempted to stamp out remailing by adjusting inter-post office prices. The British and West German post offices have also invoked Article 23 of the UPU convention, which allows them to refuse to handle remail.

At the same time, the post offices have tried to catch up commercially with the private sector by setting up their own express and bulk mail subsidiaries, notably through the International Postal Corporation (IPC), a holding company owned by a number of postal administrations. IPC has set up two Belgian-registered subsidiaries, Express Mail Service and Unipost, to try to use the huge collection and delivery networks of the postal administrations to outgun the privateers.

It was against this background that DG13, the directorate in charge of postal policy, began drawing up the Green Paper as part of the preparations for the completion of the Community's internal single market at the end of 1992. The Green Paper was originally to be published in June, but is now unlikely to appear until the autumn. This appears to be because of the growing interest of DG 4, which deals with competition and is being briefed regularly by the private companies. In the lobbying battle, however, the postal administrations have a clear advantage since all are state-owned, and most are also government deparments.

This confusion of the roles of post offices and governments was formalised at a meeting of EC posts and telecommunications ministers in September which set up a group called the Senior Official Group – Post (SOGP), to "advise" the Commission - much to the dismay of the private companies, which smell a bureaucratic conspiracy.

But despite the private sector's misgivings, the post offices are not united. Privately, postal officials concede that the more efficient post offices such as those in the UK and Benelux countries, would be happy with a measure of liberalisation because of their stronger competitive position. But the higher cost administrations in West Germany and the Mediterranean countries would have a great deal to lose.

Mr Cedric Briscoe, general manager of the UK Post Office's international letters business, and chairman of the postal commission of the European Conference of Postal and Telecommunications Administrations, says the post offices are gradually accepting that they will be forced into competition after 1992 by the impact of the single market on the organisation of European industry. Multinational companies like ICI, for example, will increasingly look for the cheapest deal. So the postal administrations are likely to have to come to terms with so-called ABC remailing – transporting mail from one country to another, and then posting it on to third countries. However, they will fight to the death to stop ABA remailing – where mail originating in one country is posted back to the same country.

Mr Briscoe says the domestic monopolies in each member state must be retained if the post offices are to maintain their social obligations to provide a universal service. But many of the post offices could live with relaxation of restrictions on cross-border traffic within the Community.

For their part, the private sector companies remain convinced that the post offices are busy stacking the cards through the SOGP. But it seems clear that DG13 is moving away from its initial sympathy for a restrictive monopoly. Mr Fernando Toledano, head of the postal sector of DG13, says the Commission accepts that the post offices' social obligations justify some elements of monopoly. But the Commission also wants the market to be as free as possible in the wider interests of Community industry.

The most likely compromise is to find some way of reserving basic services for the post offices, while allowing greater competition in premium services. In addition, countries like the UK which favour greater competition might be given the freedom to make different arrangements for domestic traffic, for example by licensing a competitor to the Post Office.

However, the Commission has so far failed to find a way of defining basic services. The simplest method would be to reserve all letters under a given weight, but this suggestion horrifies the private companies, who claim weight limits as high as 35kg – the weight of a large parcel – are being pressed on the Commission by the SOGP.

The Association of European Express Carriers, one of the two main industry trade organisations, says it accepts that some form of monopoly will remain because most of the Continental EC countries are wedded to the universal public service. But it is campaigning for an alternative system which would allow competition in value added services. It says the simplest way of distinguishing between reserved and deregulated traffic would be to give the post offices a monopoly on all traffic costing up to twice the basic letter post. This is not far out of line with current thinking among some of the lower cost post offices, notably the UK, where a similar mechanism already exists in the domestic market through the Post Office's partial monopoly. But such a compromise is strongly opposed by the International Express Carriers Conference (IECC), the other trade organisation.

Mr Gordon Barton, IECC chairman, says his members would accept continued monopolies in domestic traffic, but only at the price of complete freedom of competition in cross-border

The Commission has so far failed to find a way of defining basic services

traffic. For the moment, the IECC appears content to wait and see what the Green Paper brings. But it has also filed formal complaints with DG4 claiming seven European post offices broke the competition provisions of the Rome Treaty by rigging prices against the remailers, and alleging that the use of the UPU's Article 23 by the UK and the Bundespost is contrary to Community law.

The competition directorate is thought to be delaying a decision on the complaints until after the publication of the Green Paper. But if DG13 fails to satisfy the IECC the legality of the monopolies could yet end up in court. "My view is that this whole issue is so important that we would pursue it to the end. If that means going to the European Court then that is what we will do," says Mr Barton.

LOMBARD

Turkey against the tide

By Edward Mortimer

THE COLLAPSE of communism in eastern Europe has had one little-noticed but embarrassing consequence. On April 24 when Mrs Thatcher goes to Turkey – a Nato ally and fellow member of the Council of Europe – she will be visiting what is now probably, apart from Albania, the European state where human rights are in greatest jeopardy.

Reports published this year by various international human rights groups, and by the US State Department, have found that torture is common, that there are still political prisoners, and that pressures on newspapers are growing.

The following events have occurred since those reports were compiled:

- Mr Ismail Beşikçi, a sociologist, has again been arrested, for writing a book entitled "Kurdistan, an International Colony," two years after serving seven years in prison for a letter he sent to the Swiss Writers' Union.
- A young army officer who sent a public telegram accusing President Turgut Ozal of fostering Islamic fundamentalism was was held for a month in a psychiatric ward.
- Six opposition MPs have been expelled from their party and face possible prosecution, for attending an international conference on the Kurdish problem.
- Güneş, a newspaper owned by Mr Asil Nadir, the Anglo-Cypriot businessman, has been seized twice in two months. Last week its printing presses and those of Günaydin, another Ankara daily, were stormed by police, while 70,000 copies of the Istanbul daily Sabah were seized and the paper was forbidden to print further editions without prior censorship – provoking a protest from the International Press Institute.
- Reporters have repeatedly been beaten and harassed by police at public events.

Meanwhile Turkey's long-stay political prisoners continue to moulder in their prisons. Mr Mehti Zana, former mayor of Diyarbakir ("the Kurdish Mandela"), has now served nine years of a 24-year prison sentence. The leaders of the Turkish Communist Party, who returned voluntarily to the country in 1987, have spent nearly 18 months in jail, and the European Human Rights Commission has been refused access to them by the State Security Court Prosecutor.

One small but telling symptom of the sickness in Turkish democracy came three weeks ago when President Ozal visited Gallipoli. The Mayor of Canakkale, an elected official belonging to an opposition party, remained seated when the President came into the room. He was promptly removed from office.

By contrast the Mayor of Urfa, belonging to the (militantly Islamic) Welfare Party, is still in office after a newspaper interview in which he proclaimed himself "an enemy of the Jews" and boasted that he had laid flowers at "the place where the Jews were slaughtered and made into soap by Hitler." (The newspaper gave less prominence to these remarks than to the mayor's attacks on feminism.)

Most of these developments received little or no attention from the Western media, though Western public opinion takes it for granted that conditions in Turkey fall short of European standards. That is one reason why Turkey's application for full membership of the European Community was politely shelved last December.

The Turkish government is acutely aware of this, and has made efforts to improve its standing in the club of European democracies: by ratifying the European Convention on Human Rights, by becoming the first state in Europe to sign a recent treaty outlawing torture, and by arguing that abuses committed by Turkish police, or obstructive and illiberal decisions by Turkish courts, are contrary to government policy.

In so doing it puts the effectiveness of European institutions to the test. Such institutions exist not to assess the goodwill of governments, but to protect citizens from abuse by any branch of the state. If they accept cosmetic improvements or excuses at face value, they will set an unfortunate precedent for the new democracies of eastern Europe.

LETTERS

Why British women work part-time

From Ms Anne Showstack Sassoon.

Sir, Martin Wolf ("Some myths about childcare," April 9) is quite correct to argue that a policy debate about public childcare provision must be based on more than worries about a presumed labour shortage.

Yet his approach is no less parochial and unselfconsciously backward than the British discussion as a whole, let alone government policy, compared to the rest of Europe. It is also out of touch with important aspects of socio-economic reality in this country. What it does reflect is a peculiarly British anxiety about a more expansive, social approach to bringing up children.

Mr Wolf makes the common mistake of comparing British female participation rate figures with those of other countries without specifying the large proportion of part-time work done by women in Britain which disguises women's marginal status in the labour market. In countries like France or Italy with lower official participation rates female full-time employment is much higher.

In Britain, as elsewhere, women have to work. In 1975 the Central Policy Review staff estimated that four times as many households would be below the official poverty line if women left the labour market. Indeed, if more of them could, particularly those who are single parents, dependency on state benefits and the number of children living in poverty would decrease. Women work part-time in Britain to the extent that they do, in large part, because of lack of nursery, after-school, and holiday provision.

The Prime Minister may defend part-time work as providing real jobs, but they are badly paid, unprotected, offer poor career possibilities and often mean poverty in old age. From the social point of view, by constraining women's labour force participation, whether full-time or part-time, to jobs that under-utilise their qualifications and experience, society makes poor use of its human capital.

But Mr Wolf's article implies that women's talents are best used in caring for their own children. Is he suggesting that countries as diverse as Sweden, Finland, Italy and France are neglecting their children by providing more extensive, good quality childcare? Yes, public provision is costly. It is a question of priorities. Investment in children or repayment of the public debt?

Anne Showstack Sassoon,
School of Social Science,
Kingston Polytechnic,
Kingston upon Thames

A tolerant Europe

From Mr Metin Kunt.

Sir, Having heard the same Tanner Lecture by Professor Bernard Lewis on the theme of Europe and Islam as Edward Mortimer ("Is this our frontier?" April 3), I too was stimulated to further consideration of the "frontier" between the two. To my secular Turkish mind the real problem seems to lie in the degree of social and economic development and not so much in religious-cultural differentiation.

I see the main dividing line not between Europe and Islam – after all there is some of each in the other – but between northern and central Europe as opposed to the Mediterranean world. Turkey's Anatolian peninsula has a great deal in common with European extensions into the middle sea – Greece, Italy and the Iberian peninsula.

The Europe that Turkey or anyone else would like to join is a post-enlightenment secular society, tolerant of various cultural and ethnic-religious communities living within or alongside it. I am aware that in the last century some Victorians thought that "civilising" was possible only through "Christianising." I trust that such a self-centred attitude towards the rest of humanity is a thing of the past.

Metin Kunt,
Centre of Middle Eastern Studies,
University of Cambridge

Buy-ins: a clarification of BZW's view

From Mr Stephen Rumsey.

Sir, In referring to the buy-in of Barclays loan stock, Andrew Freeman ("Regulators eye Eurosterling bond buy-ins," March 29), gives a slightly misleading impression of BZW's view of buy-ins and so some clarification might be helpful.

We did not suggest to regulators, as reported, that buy-ins *per se* are damaging liquidity in the bond market. What we did say is that with some recent buying-in activity when an issuer has repurchased a proportion of an issue, without making clear his intentions for further repurchases of the same issue, the liquidity of that issue will then be seriously impaired.

We feel that this is detrimental to the long-term future of the market as the diminution of liquidity discourages investors from using the market. Presumably some of the issuers will want to re-use the market at some stage and so it is not in their interests to have damaged the market unnecessarily.

Stephen Rumsey,
Managing Director,
Barclays de Zoete Wedd
Fixed Income Division,
Ebbgate House,
2 Swan Lane, EC4

Falling exports and internationalisation of South Korean industry

From Mr Michael McDermott.

Sir, With reference to John Ridding's report from Seoul ("South Korean growth rate hit by sharp drop in exports," March 28), it is important to stress that this latter trend is not just indicative of adverse trends (such as appreciation of the won and rising labour costs), but is representative too of the greater internationalisation of South Korean companies in numerous sectors (electronics, footwear and textiles for example) which have accounted for the bulk of exports in recent years.

In the Economist Intelligence Unit special report, South Korea's Industry: New Directors in World Markets (published last summer), my co-author (Professor Stephen Young) and myself observe: "manufacturers are rapidly transferring production overseas," and "while this switch benefits the companies it also leads to a decline in exports."

Since South Korea recorded its first trade surplus in 1986 there has been a significant increase in overseas investment by South Korean companies. In 1986 the Government approved 50 overseas investments worth $172m. In 1988 it approved 165 cases worth $213m, but in the first two months of this year it approved 73 projects worth $251m.

In just a few years South Korean conglomerates have emerged as significant multinationals with extensive overseas operations. In 1986 Samsung Electronics was the only South Korean company with a manufacturing plant in Europe. Today, it and its rivals (Goldstar and Daewoo Electronics) each have several and undoubtedly plan more.

In South Korea's other major export market, North America, a similar trend is apparent. Since Goldstar began manufacturing in the US in 1981, other companies have followed, and like the Japanese, are using acquisitions rather than simply entering the market by greenfield investments.

South Korean companies are thus in transition. They are reducing dependence on exporting (and original equipment manufacture business) and increasing overseas production (and own brand sales). In this respect, South Korea is more advanced than Taiwan.

Tatung, the electronics group, is still the sole Taiwanese company manufacturing in the EC. By 1992 though there will undoubtedly be several. In the meantime, inward investment attraction agencies in Europe will be competing to secure the next wave of investment in the EC, namely that from Taiwan.

Michael C. McDermott,
Strathclyde Business School,
University of Strathclyde,
Glasgow

Mr Tim Congdon

Some words were inadvertently omitted from Mr Tim Congdon's letter in Tuesday's issue. The relevant sentence should have read: "However, he went on to argue that less government borrowing from capital markets had allowed more corporate borrowing from the capital markets and had therefore led to less private borrowing from the banking system."

FINANCIAL TIMES
Thursday April 12 1990

KASHMIR CRISIS

Pakistan condemns India's threat of war

By David Housego in New Delhi

PAKISTAN yesterday condemned what it described as India's "bellicose" threat of war and claimed that India had moved troops closer to its frontier as tensions mounted between the two countries.

General Mirza Aslam Beg, Pakistan's Army Chief of Staff, accused India of military intimidation by moving a strike force to within 80km of the Pakistan border in the Rajasthan desert.

He told a meeting of corps commanders in the Pakistani city of Rawalpindi that the Indian move was most threatening and that Pakistan would take measures to counteract it.

The mood in New Delhi swung sharply towards belief that war was now possible following Prime Minister V. P. Singh's stern warning on Tuesday that Pakistan would pay a "heavy price" in a conflict. The front page headline of the Times of India, the major daily newspaper, proclaimed, "VP asks people to be prepared for war."

In an emotional session in parliament yesterday, Mr Mufti Mohammed Sayeed, the Home Minister, blamed Pakistan for being behind the Kashmiri separatists who overnight killed the two remaining hostages being held in Srinagar, the Kashmiri summer capital. The bodies of Professor Mushirul Haq, vice chancellor of Kashmir University, and his assistant were found with bullets in their backs a few hours after Mr H. L. Khera, a local businessman and the third hostage, was shot.

However, last night the Jammu and Kashmir Student Liberation Front said in a telephoned statement to newspapers in Srinagar that it had killed two of the hostages and freed the third.

The killing of the kidnapped men was widely condemned in India. The Hindu radical BJP party called for a policy of "tit for tat" against Pakistan and "for initiating immediate steps to liberate Pakistan Occupied Kashmir."

Diplomats in Delhi said that although both sides had taken "defensive" steps in recent weeks, no unusual military movements had been spotted.

Nonetheless, Indian papers carried reports that further contributed to the war atmosphere alleging that the Pakistan army had begun tactical manoeuvres in the Pakistan-occupied Kashmir region and that radar formations had been moved closer to the Indian frontier. The reports were initially carried by one of the state owned news agencies, though the Ministry of Defence said they had no knowledge of such movements.

In Kashmir, Srinagar and the other major towns were kept under curfew for the sixth consecutive day as the army and security forces continued a search operation for those responsible for the kidnappings.

Among diplomats, the Indian Prime Minister's speech was seen as the exasperation of a normally restrained man at the failure of his Government to bring the situation in Kashmir under his control.

India believes that it would be able to humiliate the Pakistan army in a war. A Pakistan defeat - thus robbing separatists in Kashmir or Punjab of the support they get from across the border - would enhance India's position in obtaining a political settlement that kept both provinces within the Indian union.

Haughey meets abuse on visit to Belfast

By Ralph Atkins in Belfast

POLICE helicopters circled above Belfast yesterday and hundreds of loyalist protesters gathered when Mr Charles Haughey, the Irish Prime Minister, went to the city to talk about co-operation between north and south Ireland.

As police sealed off part of Belfast and held back angry protesters, Mr Haughey, paying the first visit by an Irish Prime Minister to the city for 25 years, talked of "models of co-operation" replacing "outdated restrictions."

As the 12-hour demonstration reached its climax, Mr Haughey called on all Irishmen to combine "to secure the special measures we need as a peripheral region."

Mr Haughey's convoy of cars arrived at high speed at the side entrance to the Europa Hotel. From the top of the neighbouring headquarters of the Ulster Unionist Party – which supports continued union of Northern Ireland with the UK – protesters hurled abuse.

Inside, the Institute of Directors' conference discussed "Cross-border trade and business co-operation after 1992." Mr Haughey had been invited in his capacity as President of the European Council.

Outside banners read "Haughey harbours IRA killers" and "Haughey drank to the death of British soldiers."

The Lord Mayor of Belfast, Unionist councillor Mr Reginald Empey, had left two hours earlier after saying: "The constitution of the Irish Republic, backed by recent Supreme Court decisions, requires the Irish Government to pursue its claim of jurisdiction over the very piece of ground upon which I am standing."

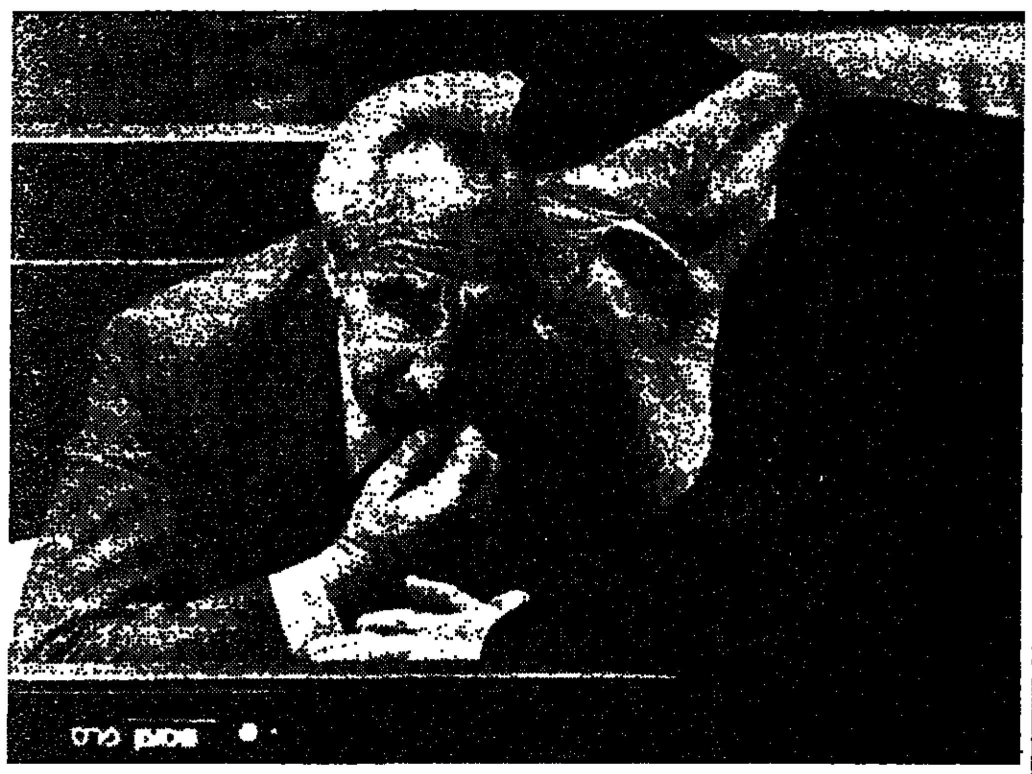
That "mitigates against good neighbourly relations in business and other affairs," he said.

Police said up to 650 demonstrators were outside the Europa, itself the scene of past terrorist violence. The conference came two days after the Irish Republican Army murdered four soldiers in County Down and less than a week after the Dublin Supreme Court ruled against extraditing Mr Owen Carron, wanted by the Royal Ulster Constabulary on firearms charges.

Mr Haughey took a strategic view of how north and south Ireland could co-operate as Europe evolved, touching on economic and monetary union, German unification and the completion of the single market.

He lamented the low level of cross-border trade between north and south – which totalled just £1.3bn ($1.6bn) in 1989 – and said as European borders disappeared "it will make simple common sense for us to combine in facing the problems and opportunities."

He wanted a better transport system, an "imaginative, integrated tourist development plan for the whole island" and a stronger commitment by the EC to promoting both parts of the island.



Labour leader Shimon Peres (left) with Menachem Porush of the Aguda Israel party

Defection of two rabbis defeats Peres bid to replace Shamir

By Hugh Carnegy in Jerusalem

EFFORTS by Mr Shimon Peres, the Israeli Labour Party leader, to form a government committed to peace talks with the Palestinians were thrown into disarray yesterday when two ultra-orthodox rabbis withdrew their support from him hours before he was due to seek a confidence vote from parliament.

In a frantic scramble to retrieve his fortunes – and amid the now customary parliamentary tumult – Mr Peres secured an adjournment of the Knesset without taking a vote which would have doomed him. Later he persuaded President Chaim Herzog to grant him a further 15 days in which to form an administration.

But reconstructing the razor-thin Knesset majority he believed he had put together in the past three weeks of intense political bargaining will be a desperately difficult task. Yesterday's morale-sapping setback for Labour was a shot in the arm for the hardline Likud party whose leader, Mr Yitzhak Shamir, is determined not to relinquish the premiership to Mr Peres.

Last night the scene was set for another round of the coalition manoeuvring which has evoked unprecedented public pressure for electoral reform to curb the power small factions such as the religious parties hold over the mainstream Likud and Labour blocs.

Late on Tuesday night, Mr Peres insisted he had the support of 61 Knesset members, just enough for a majority in the 120-seat parliament. That would have enabled him to succeed the caretaker Likud Government that has held office since a Likud-Labour coalition collapsed last month over Mr Shamir's refusal to accept US terms for Israeli-Palestinian peace talks.

But early yesterday, Rabbis Avraham Verdiger and Eliezer Mizrahi of the five-member ultra-orthodox Aguda Israel party, nervous about Labour's stance on peace talks, announced they would not, after all, back Mr Peres.

Mr Peres's hopes now appear to depend on somehow resecuring the support of all five Aguda votes. Aguda leaders in Jerusalem re-affirmed their decision to back Labour yesterday. But their ability to overrule or even replace their wayward colleagues was doubtful.

Mr Peres's supporters harboured some hope of rescue by another religious party, Shas, with six seats. But Shas members instead said they favoured a renewed Likud-Labour broad coalition, an outcome that appeared to be firmly back on the agenda last night.

If Mr Peres, Labour leader for 13 years, proves incapable of forming a government there may well be moves in the party to replace him. In that case Mr Yitzhak Rabin, the influential Defence Minister in the broad coalition, is likely to step forward.

Soviet worry on E German supplies

By David Goodhart in Bonn

MOSCOW is increasingly worried that East Germany will not continue to supply it with vital imports, despite pledges by the West German Government that existing accords will be honoured.

The anxieties were one of the few discordant notes struck at the three-week CSCE east – west economics meeting in Bonn, which ended yesterday. The problem was raised between Mr Stepan Sitarjan, the Soviet delegation leader, and Mr Helmut Haussmann, West German Economics Minister.

Chancellor Helmut Kohl of West Germany pledged on his last trip to Moscow that East German deliveries would be kept up, but it seems that they have already fallen sharply, according to some delegates. One West German delegate said: "In this time of transition in East Germany, many companies are abandoning their traditional partners in the east and selling for hard currency in the west."

More than 140 trade agreements exist between East German industrial conglomerates and Moscow. Many of these supply Moscow with vital machinery and spare parts.

Some reports say deliveries from East Germany to Moscow are already down 20 per cent this year.

This is also worrying Bonn, which fears it may have to provide financial incentives to West German companies to step into the breach. But officials say it remains in the interests of East German groups to keep their links with the east, easing transition to a market economy.

Separately, Polish delegates spoke of fears that the East Germans would leave the Comecon electricity grid and join the western European grid, thus removing one of the few exporters of electricity from Comecon.

● Some 599 joint ventures with foreign companies have been reported in East Germany up to March 31. Total new capital investment is 150m East German Marks of which 91m East Marks comes from foreigners, 96 per cent of them West German.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	C	14	57	Malta	F	16	61	Rhodes	S	18	64
Algiers	F	15	59	Edinburgh	C	12	54	Manchester	R	10	50	Rio de J'o	F	35	95
Amsterdam	F	10	50	Faro	S	18	64	Manila	F	35	95	Rome	S	16	61
Athens	F	15	59	Florence	S	17	63	Melbourne	F	24	75	Salzburg	R	4	39
Bahrain	S	27	81	Frankfurt	F	10	50	Mexico City	C	27	80	San Francisco	F	12	54
Bangkok	F	34	93	Funchal	C	16	61	Miami	S	24	75	Seoul	S	22	72
Barcelona	S	16	61	Geneva	C	6	43	Milan	S	16	61	Singapore	–	–	–
Beirut	–	–	–	Gibraltar	S	17	63	Montreal	Sn	0	32	Stockholm	R	4	39
Belfast	R	12	54	Glasgow	C	12	54	Moscow	C	5	41	Strasbourg	C	11	52
Belgrade	C	10	50	Guernsey	F	11	52	Munich	C	5	41	Sydney	C	21	70
Berlin	F	10	50	Helsinki	S	6	43	Nairobi	–	–	–	Taipei	C	24	75
Biarritz	R	13	55	H. Kong	C	23	73	Naples	F	16	61	Tangier	S	17	63
Bombay	S	30	86	Innsbruck	R	2	36	Nassau	C	29	84	Tel Aviv	C	30	86
Bordeaux	C	14	57	Inverness	F	13	55	New Delhi	S	32	90	Tenerife	C	17	63
Brussels	F	11	52	Islamabad	F	22	73	New York	C	14	57	Tokyo	F	21	70
Budapest	S	13	55	Istanbul	R	7	45	Nice	S	16	61	Toronto	F	0	32
B. Aires	F	24	75	Jakarta	–	–	–	Nicosia	F	21	70	Tunis	F	18	64
Cairo	S	34	93	Jersey	S	13	55	Oporto	S	16	61	Valencia	S	21	70
Cape Town	S	22	72	Jo'burg	F	23	73	Oslo	F	9	48	Venice	S	15	59
Caracas	C	27	81	Lima	F	25	77	Paris	F	13	55	Vienna	C	9	48
Casablanca	F	19	66	Lisbon	S	18	64	Peking	–	–	–	Warsaw	F	12	54
Chicago	Sn	2	36	London	C	14	57	Prague	C	6	43	Washington	S	13	55
Cologne	C	10	50	Los Angeles	F	13	55	Reykjavik	C	3	37	Zurich	R	5	41
Copenhagen	F	9	48	Luxembourg	C	9	48								
Corfu	R	12	54	Madrid	C	15	59								
Dallas	S	7	45	Majorca	S	17	63								
Dublin	C	13	55	Malaga	S	17	63								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Estonia faces clash

Continued from Page 1

used this summons to inject urgency into the discussion over Estonia's message to Moscow, securing agreement on it in under an hour.

A clause was included in the message which specifies that talks will take place outside the authority of the Soviet constitution, thus making it clear they should be between two sovereign states.

Voicing the independence struggles of all three Baltic states, the message says: "The restoration of statehood to Estonia, Latvia and Lithuania will allow us to remove the last source of tension in Europe and would enhance your (Gorbachev's) own position.

"The restoration of democracy in the Soviet Union is only possible through the restoration of historic rights."

The declaration of independence on March 30 "confirmed that the occupation of the Republic of Estonia by the Soviet Union on June 17, 1940, has not disrupted the continuity of the Republic of Estonia de jure." Since then, the republic has declared a period of transition during which independent institutions are being set up.

Brussels investigates telephone charges

By Hugo Dixon in London

THE European Commission has launched a preliminary inquiry into international telephone prices within the Community following a Financial Times investigation showing that telephone users are being overcharged by more than $9.84bn a year.

Separately, the US Federal Communications Commission is working on proposals for reducing the price of international calls from the US, and aims to publish a consultative document before the summer.

The FT investigation, published last week, showed that telephone users are being charged between two and four times costs for international calls because of a cartel between the world's large telephone companies. The FCC has been examining international prices for some time, but the interest of Mr Alfred Sikes, the watchdog's chairman, has increased since the investigation.

The FCC said Mr Sikes "does not understand why there is such a great price differential between calling from New York to Los Angeles and calling from New York to Paris."

The EC's and the FCC's actions follow the announcement this week by the UK's Office of Telecommunications, the industry's watchdog, that it had mounted an investigation into the cost of making international calls from the UK.

Their interest increases the chances of effective action because the international telephone cartel is buttressed by a complex web of multilateral and bilateral agreements with the result that a regulator from one country acting alone has little chance of making an impact.

An EC official said the organisation's competition branch was examining whether high prices were the result of an agreement to fix prices, which would contravene the Treaty of Rome, or the result of the market not working properly. If there is evidence that the anti-monopoly provisions are being broken, Sir Leon Brittan, the competition Commissioner, will start a major investigation.

The EC's information technology branch is also hoping to publish its own report on prices in the autumn. The branch was originally planning to publish the report at the end of this year but is likely to accelerate this after interest shown by Mr Filippo Maria Pandolfi, the Technology Commissioner.

The EC is concerned that people are being charged between two and three times as much for making calls to other European countries as they are paying for long-distance calls within their countries.

Meanwhile, several telephone companies gave their reaction to the investigations:

● British Telecom said it welcomed Oftel's probe but that it was unable to act on its own because of bilateral agreements with other telephone companies which meant that they would benefit from any reduction in prices.

● American Telephone & Telegraph said it had been an active proponent of reducing international prices and that over the past decade they had dropped by 35 per cent.

● West Germany's Bundespost Telekom said it had reduced international prices at the beginning of this month and would drop them again next April.

● Cable and Wireless, which runs the telephone networks in Hong Kong and most of the Caribbean, said: "We don't see it as a cartel. Essentially there are a series of bilateral arrangements between countries."

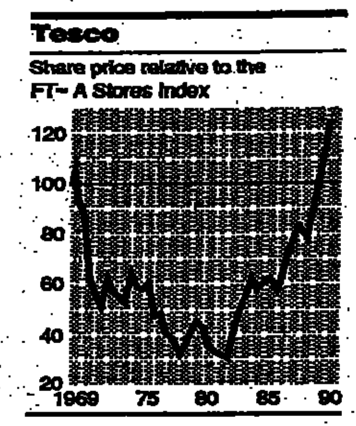
THE LEX COLUMN

Tesco's gamble on tin can alley

The big question about food retailers is whether they are repeating the mistakes their non-food brethren made in the 1980s. The massive expansion of space and the gradual format revamp being made by Tesco is a case in point. It has been a triumphant success so far, as illustrated by yesterday's 22 per cent increase in earnings per share, and the 25 per cent annual increase over the last five years. Nevertheless, an opening plan of 1m square feet a year is an ambitious programme.

There are many reasons why the food groups should escape the problems of the other stores. Food has to be bought in recessions, as do other Tesco items such as wines and healthcare products; indeed food expenditure is around a record low as a percentage of household budgets. Superstores have plenty of areas yet to conquer and the sheer cost of opening – now £15m a store – creates barriers to entry.

Tesco's share price has reflected those bull arguments and the prospects that its margins - which have climbed to 6.4 per cent – will eventually catch up with those of J Sainsbury. Its shares have outperformed the stores sector by 120 per cent over the last ten years. And yet there is a nagging doubt that it is all too good to be true. Problems could arise from a host of sources, perhaps the growing competition for labour, a trading down by consumers, or the sheer scale of its development programme. Even if they do not, then the bull case is already in the price, with shares on a prospective rating of 12.5.



Regulation

The Guinness affair grabs all the headlines, but the City's longest regulatory soap opera is actually set in the greyer world of life assurance. It is four years since the House of Commons finished with the details of the Financial Services Act. Hence a lay-person's astonishment that the Office of Fair Trading has had to condemn yet another tranche of proposals from the SIB about that old chestnut: the question of how to disclose the proportion of life assurance premiums that gets eaten up by insurance company selling costs and overheads.

This ought to have been sorted out by now. Not least, because the only party likely to have suffered from the delay is the investing public. As regards insurers, the regulatory muddle has done little to slow them down. New business has ballooned from £4.5bn in 1984 to £9.02bn last year, even though PEPs have taken a £1.4bn chunk of the nation's savings. Hence the fact that the stock market is stunned with apathy by most news from the SIB. As for independent insurance middle-men, the OFT's figures show that their gross income rose 16 per cent last year, and 14 new firms start every week.

Something, as they say, must be done. But this matter highlights a perennial difficulty of financial regulation, which the Act did not solve. If an issue is technical, and low down the scale in political sensitivity, then special interest groups find ways of getting it shunted into a siding more or less indefinitely.

UK contractors

Costain appears to have taken a leaf out of the UK clearing banks' books when it comes to announcing bad news. If you are going to make a provision, make it a big one, and the market will interpret it as a sign of an honest management tackling a problem its rivals have fudged. This is the only way to explain yesterday's rise in the Costain share price. Along with some other well-known names, it was aggressively bidding up the price of UK housing land in early 1988, when it should not, and its shareholders are now paying for management's mistake.

Yesterday's £20m provision is roughly the equivalent of the annual dividend and, as the clearing banks have proved with monotonous regularity, one big provision often tends to be followed by another. Given the speed with which UK land prices were rising before the housing bubble burst last year, it would be a brave prediction that yesterday's provisions from Costain and Amec were the last word on the subject.

At least Amec has virtually nil gearing whereas Costain is 85 per cent geared and it has to make some chunky disposals of peripheral activities if it is to remain a top flight contractor. Amec can boast of a better spread of businesses, yet its historic multiple of under eight times earnings reflects the market's understandable suspicions. With annual turnover of £2bn plus a year, Amec is a much bigger and more complex business than Costain. The next couple of years will prove whether it can live up to its own rather heady expectations.

BES

The launch of Britain's first French property investment trust breaks a new barrier in esoteric specialisation. The portfolio is being spun out of British Empire Securities and General Trust, which has the unusual policy of mainly investing in other trusts. That raises the curious spectre of discounts on discounts, but BES shares have almost exactly matched the investment trust sector's performance over the last five years.

For a while BES specialised in promoting trust reconstructions, but since discounts narrowed, the scope for such activity has been reduced. The new trust, which is raising new equity in order to create a £25m total fund, is partly a case of self-reconstruction. BES, which currently stands at a 17 per cent discount to assets, is taking a 20 per cent stake in the new outfit. If, given the excitement in the French property market, the new trust trades at asset value or above, BES shareholders should have made a marginal gain.

UK bank lending

The Bank of England's latest quarterly analysis of bank advances may be of only historic interest but they reinforce a picture of an economy where borrowing remains remarkably strong. Manufacturing industry borrowing is 27 per cent up on a year ago, and sterling property lending is up 39 per cent. If it reflects distress lending or the financing of involuntary stock building, then the Chancellor's squeeze may be having the desired effect. But this seems an optimistic interpretation.

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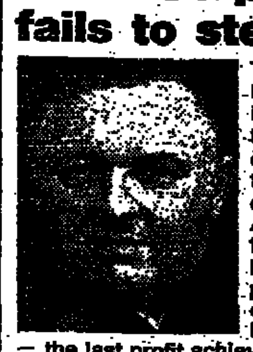
INSIDE

Bond Corporation fails to stem the tide



The tide of losses at Bond Corporation Holdings, Alan Bond's Australian flagship company, swelled further with the disclosure of an after-tax deficit of A$758.2m (US$579.9m) for the six months to December. This compares with net earnings of A$152.8m in the first half of the previous year — the last profit achieved by the brewing-based group before its fortunes underwent a severe reversal. Page 22

Oil analysts study the Kremlin

Oil analysts are striving to get to grips with the obscure science of Kremlinology. For the Soviet Union, the world's biggest oil producer, has turned out to be one of the critical wild cards in a world market already stacked with uncertainties. Steven Butler looks at the factors at play. Page 34

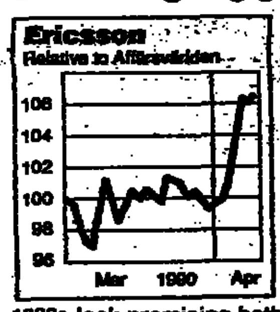
Lotus and Novell spring surprise

The computer industry has been caught on the hop by the proposed $1.5bn merger between Novell, the US personal computer networking company, and Lotus Development, creator of 1-2-3, the popular electronic spreadsheet. Lotus executives in Europe had expected a merger or acquisition, but not at such a speed — and Novell was not on their list of candidates. Alan Cane and Louise Kehoe report. Page 24

Singapore banks break records

Singapore's Big Four banks turned in record performances for 1989, and their combined earnings are on target to top S$1bn (US$532m) for the current year. Although the financial services sector is seen locally as the twin engine of Singapore's growth alongside manufacturing, bank shares have underperformed the fast-growing Singapore stock market, writes Joyce Quek. Page 25

When the going gets tough...



Ericsson, the Swedish telecommunications company, is winning plaudits around the world. It has become the strongest player in a sluggish Swedish stock market since it shed its loss-making information systems business in 1987, and prospects for the 1990s look promising both in Europe and the US. There is only one cloud on the horizon, reports Robert Taylor — the uncertain effect of the downturn in Sweden's economy. Back Page

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Fag Kugelfisch	479	+	14
Sud-Chemie	750	+	60
Falls			
Aachener Muench	695	—	34
Industriekredit	292.5	—	9.5
Muench Rueck	2145	—	75
Philips Kommunik	540	—	20
NEW YORK ($)			
Rises			
AMR	66⅞	+	1
Apple Bancorp	43¾	+	1⅞
Fed Nat Mort As	35	+	⅞
Intel	42¾	+	½
Falls			
Chevron	65⅞	—	1¾
Mobil	59⅝	—	1⅞
PARIS (FFr)			
Rises			
Carns-Car	424.5	+	20.4
Compt Entr	395.4	+	18.2
Fives-Lill	471.2	+	31.4
Moulinex	137	+	7.4
Via Banque	400	+	24.4
Falls			
CMB Pack	186.1	—	7.6
TOKYO (Yen)			
Rises			
Fuji Car Mfg	1260	+	200
Meiji Machine	721	+	95
Nippon Gas	1460	+	160
Sakai Textile	879	+	100
Showa Highpoly	1020	+	135
Tokyo Sogo	887	+	97
LONDON (Pence)			
Rises			
Cable&Wire	516	+	13
Cadbury Schwep	329	+	10
Costain Group	253	+	7
Dowty	211	+	7
Hammerson "A"	765	+	17
Land Secs	508	+	5
MEPC	522	+	7
Sainsbury (J)	254	+	2
Falls			
AMEC	409	—	12
Anglia Sec	83	—	15
Bass	948	—	4
BICC	418	—	7
Brent Walker	292	—	10
Countryside Prp	201	—	16
Foseco	220	—	8
Kwik-Fit Hldgs	71	—	9
McCarthy & St	56	—	5
Scott & New	294	—	3

SB's top executives take 151% rise

By Peter Marsh and Stephen Fidler in London

THE two senior executives at SmithKline Beecham, the UK-based pharmaceuticals and consumer-products company, received combined remuneration of £3.25m ($5.31m) last year, a 151 per cent increase on their total for 1988 — putting them among the highest paid managers in UK industry.

Mr Henry Wendt, the chairman, received £1.99m compared with £428,000 in 1988, while Mr Bob Bauman, chief executive, received £1.26m, in contrast to a 1988 salary of £864,000.

The company's annual report, released yesterday, also disclosed plans to issue between $500m and $1bn of special preference shares in the US to refinance some of the debt incurred in the merger last July of SmithKline Beckman of the US and Britain's Beecham to form the world's second-largest drugs company.

SB recently unveiled pre-tax profits of £724m for 1989, an increase of 3 per cent on 1988. The company is thought by many analysts to face a difficult couple of years as it strives to combine the two components of the business. It expects to reduce its worldwide workforce by 10 per cent, or 5,000 jobs, over the next two to three years and it faces restructuring costs of £500m.

The scale of the pay increases, linked to the less than glowing immediate prospects for the company, may lead to disquiet among other industrial leaders and politicians who have become embarrassed by recent large salary rises given to top UK business executives. In the new company, Mr Wendt has taken a back seat to Mr Bauman. Prior to the merger, Mr Wendt had presided over a difficult period for SmithKline Beckman. He has been held partly to blame for the company's declining status in the world drug industry.

Mr Wendt's relatively low salary in 1988 reflects his missing out on bonuses which would have been paid had the company performed better. His 1989 remuneration comprised £1.16m in salary and £834,000 in cash from stock options. He was said last night to be in meetings and could not be contacted.

SB said the salary increases had been agreed by a special remuneration committee to reflect worldwide pay trends.

The preferred shares, to be privately placed by the end of April, are intended to refinance £618m of outstanding loan stock issued to finance the merger. About £1.33bn of loan stock was issued at the time of the merger. The remainder has been bought back.

Such shares — which count as shareholder funds since dividends can be varied — carry a favourable tax treatment for US institutional investors.

According to Mr Hugh Collum, the company's finance director, the so-called auction rate preference shares avoid the dilution of future earnings per share growth which would arise from issuing ordinary shares or convertible bonds. The funds would form part of the long-term resources of the company and were an appropriate way to reduce borrowings, particularly in light of the group's substantial dollar assets.

Breaching the walls of Swiss conservatism

William Dullforce looks at the CS Holding and Bank Leu merger

THE MOST significant aspect of Holding's bid for Bank Leu, Switzerland's fifth-largest commercial bank, is that it has finally happened.

In the most spectacular Swiss takeover to date, one of the country's Big Three banking groups (Union Bank of Switzerland, Swiss Bank Corporation and Crédit Suisse) has finally made an important contribution to the laggardly restructuring of domestic banking.

It is also significant that the takeover of the country's most venerable commercial bank is being engineered by the holding company of Crédit Suisse, the big bank group which has shown the most imagination in its international operations. In 1988 it put together CS First Boston, a global investment banking group based in London, New York and Tokyo, in a $1.1bn merger.

With some 600 banks active among a population of 6.6m, it had long been apparent that consolidation was inevitable. The dismantling of financial boundaries worldwide, the approach of the European Community's single market and the Swiss Cartel Commission's attack on the banks' cosy price-fixing arrangements have all been pushing towards radical change.

Some adjustments have been made. Small regional banks — of which there are about 200 — have joined forces and recently three mergers have been announced between cantonal banks, owned by public authorities, and local savings or mortgage banks.

Most recently, the Zürcher Kantonalbank, the strength of whose balance sheet allows it to vie with Swiss Volksbank for fourth place after the Big Three, absorbed the City of Zurich's savings bank.

Change has been slower among the privately-owned banks and, when it has come, it has usually been sparked by foreign banks' decisions to offload Swiss investments.

During the past decade the Big Three have concentrated on building up at considerable cost bridgeheads in London, New York, Tokyo and elsewhere.

The banks have been reluctant to initiate change at home. Senior bank executives have even argued that the price-fixing conventions the Cartel Commission has been trying to dismantle are necessary for the survival of the smaller banks and the maintenance of Swiss federal traditions.

CS Holding's move on Bank Leu has breached that embankment of conservative attitudes. Some analysts believe the takeover will initiate the final break-up of the traditional structure of Swiss banking. Factors favouring such a sundering are the current high interest rates and the increasing difficulty of local banks, specialising in mortgage lending, to finance their credits.

Other analysts argue that Bank Leu offered a unique opportunity which the Crédit Suisse group was smart enough to seize. As long as Swiss Volksbank, the fourth-biggest commercial bank with assets more than twice as large as Bank Leu, continues to perform acceptably, there is no comparable object for takeover.

Most analysts agree, however, that CS Holding's move is likely to stimulate competition among the Big Three and to accelerate restructuring among smaller banks seeking more strongly capitalised partners.

The incorporation of Bank Leu into CS Holding would probably bring the Crédit Suisse group level with Swiss Bank Corp, the second-biggest in asset terms; its net earnings would probably exceed SBC's according to some analysts.

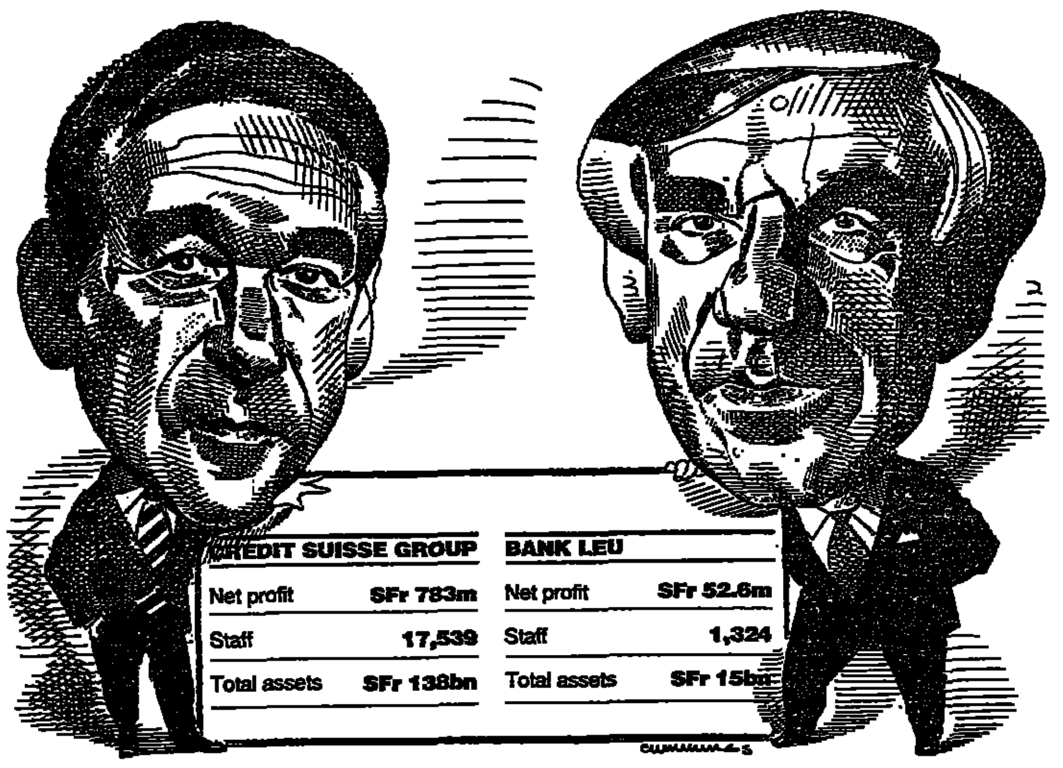
By Anglo-Saxon standards Bank Leu has been ripe for a takeover — during the past couple of years at least. Not only has it suffered from its exposure in the Guinness/Distiller shares buy-back and in the Denis Levine insider trading scandals, it has been generating an extremely poor return on equity — SFr53m ($36m) net earnings against SFr1.34bn equity in 1989.

Earlier this year, rumours circulated about a deal under which Bank Leu would merge its investment banking operations with Banca della Svizzera Italiana. However, it became clear on Tuesday that the Crédit Suisse group has been quietly maturing its takeover bid for the past two years.

Mr Rainer Gut, president of CS Holding, revealed that it had accumulated more than 16 per cent of the Bank Leu stock but would not state the exact size of its stake.

Mr Peter Kupfer, a board member, said CS's move was strategic not opportunistic. CS has its eye on Bank Leu's strong client base in the canton of Zurich, but above all envisages the new holding company as an investment management operation for Swiss pension funds and other institutional investors.

An intriguing aspect of the CS bid is that it would probably have been impossible if the Crédit Suisse group had not been the first of the Big Three to adopt a holding company structure. Without that structure it could not have offered Bank Leu the opportunity to retain its name and at least a semblance of independence.



Heralds of change: Gut, chairman of CS (left), and Schiltknecht, chairman of Bank Leu

Heron to write off £45m on S&L loss

By Alan Friedman in New York

SEVERE LOSSES from a failed US savings and loan subsidiary are expected to result in an extraordinary write-off of more than £45m ($73.6m) at Heron International, the UK private property, leisure, financial and garages conglomerate controlled by Mr Gerald Ronson.

The extraordinary debit, to be shown in Heron's accounts for the 1989-90 financial year ended on March 31, will reflect Heron's decision to write off losses suffered in connection with Pima Savings & Loan, an insolvent thrift based in Tucson, Arizona.

Pima was first acquired by Heron in 1980 and has piled up losses since 1987 believed to total more than $200m. Heron tried to sell Pima between July 1987 and January 1989, at which point it suspended negotiations.

Pima, like a handful of other Arizona thrifts hit by the depressed state of the property sector, was taken over by US federal regulators last month. The Resolution Trust Corporation, the federal agency set up to oversee the bail-out of the thrift industry, was then appointed as conservator of the financially-troubled Heron subsidiary.

In the 1988-89 financial year, Heron showed a £44.2m extraordinary debit mainly relating to the US savings and loan business. Heron, in its 1988-89 annual report, predicted a return to profitability for Pima.

Mr Alan Goldman, deputy chief executive of Heron, said yesterday that losses stemming from Pima would be fully written off in Heron's 1989-90 accounts and the thrift would be classified as a discontinued operation.

The Heron executive — Mr Ronson's right-hand man — said he could not quantify the amount of the write-off, but it is understood the extraordinary debit will be substantially higher than last year's £44.2m.

Pima in 1988 suffered a loss of $63.7m, but Mr Goldman said he did not have information about the 1989-90 loss figures, which he said are not yet audited.

In Phoenix, Arizona, an official of the state's Banking Department yesterday quoted what were termed "undivided" 1989 figures showing a loss of $160m in the last quarter, a $93.7m deficit in the third quarter and nearly $70m for the second quarter.

Mr Goldman said precise figures for Pima's 1989 losses would be published by Heron in June along with its annual accounts.

Weaker market makes ADT reduce BAA stake refinancing

By Andrew Hill in London

ADT, the security and vehicle auction group which owns a 9 per cent stake in the former British Airports Authority, has had to reduce by a quarter the size of an issue of preference stock which can be exchanged for its BAA shares.

The Bermuda-registered company blamed a change in market conditions for the cut in the issue, which is designed to refinance part of the BAA stake. The group heralded the move last week. At that stage ADT expected to raise £100m ($163.5m).

That target has now been cut to £75m, and the exchange price has been set at a premium of just under 15 per cent to the current price of BAA's shares — at the bottom end of the range indicated last week.

Mr David Hammond, ADT's finance director, said yesterday: "There was a reduction in size because of the general weakening in the appetite of European institutions for sterling-denominated issues over the last week."

According to some analysts, the issue also received a muted response in the UK, partly because of concern about the reputation of Mr Michael Ashcroft, ADT's chairman — a legacy of City disgruntlement with ADT earlier in Mr Ashcroft's career, when he was known as a fast-moving deal-maker.

Some UK institutions were also said to be concerned about ADT's ability to offer cash to preference shareholders, if they decided to exercise put options attached to the shares in 1995 — redeeming their holdings instead of exchanging them for BAA shares. "Domestic fund managers don't like exchangeables and they are worried about ADT," said one broker. Credit Suisse First Boston, lead manager to this issue, pointed out that investors had recently subscribed to several large fund-raising exercises by ADT without complaint.

ADT is to issue 7,500 exchangeable cumulative redeemable preference shares 2005 in the form of international depositary receipts, at £10,000 each.

The exchange price will be 440.9p per BAA share, against yesterday's closing price of 382p, down 2p. The preference shares will have a yield of about 8 per cent.

The slightly smaller issue means investors would only be able to exchange their preference shares for a maximum of about 3.4 per cent of BAA's equity, but ADT still has the right to offer shareholders cash equivalent to the BAA share price instead. Another reason for investor caution was that BAA shares were not pledged to the preference stock.

Euromarkets, Page 33

Apricot £39m deal with Mitsubishi

By Alan Cane in London

APRICOT Computers of Birmingham, a leading UK-based supplier of high performance personal computers, is to sell its computer hardware division to Mitsubishi Electric of Japan for £39m ($63.7m) in cash.

The company has been seeking an overseas partner to share development costs and open new markets since the beginning of the year. It had been looking for more than a simple marketing agreement. Prospective buyers included Commodore of the US, Epson of Japan and Acer and Mitac of Taiwan.

Mr Roger Foster, Apricot chairman and chief executive, said yesterday that the attraction of a deal with Mitsubishi had been both the size of the cash offer and the opportunity to establish a long-term relationship with one of the world's leading electronics groups.

The board intended to reward shareholders by paying a special dividend of 5p per share from the proceeds of the sale, independent of its decision on a final dividend for the current year, Mr Foster said.

The deal includes a series of trading agreements with Mitsubishi through which Apricot will continue to sell and support Apricot computers to large companies and provide maintenance for Apricot products for a minimum of three years.

The hardware division will keep the rights to the name "Apricot Computers" after the sale, and trade as a wholly-owned subsidiary of Mitsubishi Electric.

Dr Peter Horne will continue as managing director. The parent company will revert to its original name, ACT Group.

ACT was established as a computer bureau and software house 25 years ago and adopted the name Apricot when it moved into hardware manufacturing in the 1980s. But heavy pressure on margins made the hardware division unprofitable.

The disposal leaves Apricot free to concentrate on computing software and services.

Mitsubishi, one of Japan's six largest computer manufacturers, says the deal will augment its European production facilities and give its access to Apricot's advanced microcomputer technology while providing it with a new range of workstations.

SocGen up 17% despite interest rate difficulties

By George Graham in Paris

SOCIETE Générale, the French private sector commercial bank, has reported a 17 per cent increase in net profits last year to FFr3.56bn ($626.8m).

Mr Marc Viénot, the bank's chairman, said that gross operating profits had risen to FFr10.2bn, up 8 per cent on a comparable basis, taking into account the reduction in SocGen's stake in BIP, the money market bank which passed last year into the control of West Germany's Dresdner Bank.

"This is not majestic but it is substantial, and not at all easy to achieve in a context like 1989, when market activities did not make their habitual contribution to earnings," Mr Viénot said.

In common with other French banks, SocGen suffered from the inversion of the yield curve in 1989. Market dealings contributed only a fifth as much to earnings last year as in 1988.

"It is not easy to make money when there is a 1½ percentage point gap between long-term and short-term interest rates, and in the wrong direction," Mr Viénot said.

SocGen's "classic domestic banking" activities, which account for 52 per cent of group operating income, progressed satisfactorily in 1989, Mr Viénot said, with total loans rising 15 per cent to FFr475bn and deposits up 10 per cent to FFr362bn.

Fund management, including Touche Remnant, the UK group acquired last April, doubled its contribution to group earnings. With FFr168bn under management in mutual funds, SocGen now claims to rank second in Europe, behind Crédit Agricole.

Total operating provisions were raised by 15 per cent to FFr4.8bn. Mr Viénot said the bank's exposure to its 10 sovereign debtors was now 61 per cent covered. SocGen increased its equity base by 12 per cent to FFr28.5bn, and has a potential FFr5.7bn of equity to come from conversion of bonds and the exercise of warrants. Mr Viénot said SocGen's revalued net asset value stood at FFr42.1bn, or FFr715 per share.

CMB advances 17% with strong results in Africa

By William Dawkins in Paris

CMB PACKAGING, the largest packaging business in Europe, yesterday reported a 17 per cent rise in net profits to FFr947m ($166.7m) for last year and predicted continued "satisfactory progress" for 1990.

This is the first full-year result from the group, formed last spring from the merger of Carnaud of France and Metalbox Packaging of the UK. It owes much to a strong performance from the European and African metal packaging divisions, as well as the benefits of pooling operations such as raw materials buying, said the group.

Turnover rose by 18 per cent from FFr18.1bn to FFr21.3bn, of which 5.4 per cent was underlying growth without the impact of acquisitions, said CMB. Those figures include a full year for the former Carnaud and nine months for Metalbox, which have been restated pro forma for 1988 to make a clear comparison.

Sales in a complete financial year for both sides would have been FFr24bn, of which 69 per cent would have come from metal packing, 23 per cent from plastics, and the 8 per cent balance from miscellaneous activities.

Turnover for the first quarter of 1990 – usually the weakest part of the year – was FFr5.3bn, producing a FFr400m operating profit.

During this period, the group completed the disposal of its steel division, which will add a FFr500m net exceptional gain to the current year's profits. The partial sale of the steel activities brought a FFr229m one-off net gain to last year's result.

CMB's operating profits rose by 23 per cent to FFr2.08bn on a pro forma basis, representing 9.8 per cent of sales as against 9.3 per cent in the previous year. Interest charges rose from FFr412m to FFr553m, a result of the £240m ($392.4m) of Metalbox debt that came with the merger, plus a FFr1.8bn capital spending programme. The balance sheet shows net debt of FFr5.1bn on shareholders' funds of FFr9.03bn.

Earnings per share, excluding the exceptional profit, rose by 5.4 per cent to FFr13.6 from FFr12.9. CMB is proposing to pay a full-year dividend of FFr3.6 net.

CGIP books net rise of 13.5%

By William Dawkins in Paris

COMPAGNIE Générale d'Industrie et de Participations (CGIP), the French holding company which with Metalbox is the largest shareholder in CMB Packaging, yesterday reported a 13.5 per cent rise in net income for 1988.

CGIP, 47 per cent-controlled by the Wendel family, France's oldest industrial dynasty, unveiled net income of FFr756m ($133.1m) on total revenues up 20.7 per cent to FFr15.5bn.

Apart from CMB Packaging – in which it has a 25.5 per cent stake – the group has holdings in Cedest, a leading French cement producer; Cap Gemini Sogeti, Europe's largest software group; and Orange Nassau, the oil, property and venture capital company.

"During the year we were able to invest in our companies and to encourage them to strengthen their positions in Europe and beyond and to ensure that they retain market leadership and continue to exploit the opportunities resulting from the European single market," said Baron Ernest-Antoine Seillière, chairman of CGIP, who built up the group over the past 12 years from the ruins of the family's former steel empire.

CGIP's net earnings per share rose 14.4 per cent to FFr128.6, on which it is paying a FFr24 dividend, 20 per cent more than the previous year.

Marzotto fall partly due to tax

By Haig Simonian in Milan

MARZOTTO, Italy's biggest textile and clothing manufacturer, announced an almost 16 per cent drop in group net profits to L50.3bn ($40.5m) from L59.7bn in 1988. Gross earnings fell by 5.3 per cent to L73.2bn.

The decline in net profits, caused partly by an increase in tax payments, came despite a small 1.7 per cent rise in turnover to L1,469bn last year.

Exports increased to L398bn, accounting for 27.1 per cent of total sales against 26.9 per cent in 1988.

As in the past, clothing accounted for the biggest proportion of turnover, with sales rising by 6 per cent to L615bn.

Textile sales increased by 5.2 per cent to L447bn, while yarn declined by 5.6 per cent to L395bn.

The accounts for the company, based in Valdagno in north-east Italy, do not include figures for Le Blan, the French group bought last December, which had sales and net profits of L31.7bn and L2.9bn respectively in 1989.

Marzotto, whose parent company is raising its dividend by L20 to L320, L340 and L380 on its ordinary, convertible and savings shares respectively, gave no forecasts for the current year.

However, it said sales in the other companies in the textile-clothing sector in which it has minority stakes had been "very positive" in 1989, while income from other minority investments had also been satisfactory.

● Montedison, the private-sector chemical group, and Finmeccanica have announced a collaboration accord in the production of control systems for automated industrial production processes, AP-DJ reports.

Seibu joins Hermès to take control of Scherrer

By George Graham

SEIBU, the Japanese retailing group, is to take control of the French couturier Jean-Louis Scherrer, in partnership with the Hermès luxury products group.

Seibu will take 65 per cent and Hermès 35 per cent of a new holding company, which will in turn take 76.5 per cent of Scherrer. Mr Scherrer will retain 13.5 per cent, while Worms et Cie, the French financial group, will take a 10 per cent stake.

The last Japanese group to invest heavily in French fashion – Itokin, which took control of Courrèges – came to grief, falling out with Mr André Courrèges and eventually selling out in February this year to a group of French investors.

Seibu's association with Hermès and Worms appears designed to smooth any possible cultural friction.

Hermès, best known for its leather goods and silk scarves, has recently been diversifying into other luxury products such as porcelain and glassware. Worms already owns stakes in the fashion designer Kenzo and the luggage group Lancel.

Mr Scherrer, now 54, used to work as a designer at Christian Dior before founding his own company in 1962.

Bond Corp posts A$758m deficit after six months

By Our Financial Staff

THE TIDE of losses at Bond Corporation Holdings, Mr Alan Bond's Australian flagship company, swelled further yesterday with the disclosure of an after-tax deficit of A$758.2m (US$583.2m) for the six months to December.

The result compares with net earnings of A$152.8m in the first half of the previous year. This was the last profit achieved by the group before its fortunes underwent a severe reversal, culminating just before the end of the latest period in a receivership order – lifted after two months – against its Swan, Castlemaine and Tooheys brewing operations.

Bond Corp has been struggling to sell assets in order to reduce borrowings, and its board said yesterday that the company's "continued operation is largely dependent on the completion of the asset-sales programme, further debt retirement and the restructuring of the group and its finances."

Mr Peter Lucas, a director, said a restructuring plan had been drawn up with advice from Price Waterhouse, the accounting firm, and involved buying back convertible notes. These total A$1.57bn, while Bond Corp yesterday gave the latest estimate of its overall group debt at A$6.67bn, which it said had been reduced from A$7.35bn since the end of December.

The interest bill for the six months grew to A$548.1m from A$444.3m. In addition the losses reflect a A$404.5m write-down on its stake of just over half in Bond Media, the Channel Nine television operator which is under siege from Mr Kerry Packer.

Directors said there was no need to make provisions on its investment in British Satellite Broadcasting but warned that in the current six months its G. Heileman Brewing offshoot in the US could require a substantial provision.

Sales and other revenue dipped to A$3.97bn from A$5.19bn, reflecting disposals which brought in A$1.3bn. Further asset sales which came after the balance date included its holding in Compania de Telefonos de Chile and the Bond Building in Sydney.

Also left out of the reckoning is the planned shift of its Australian breweries into Bell Resources, now an independently managed subsidiary. Bell Group, another unit, separately reported an interim net loss of A$125m against profits of A$114.1m.

Renault to alter statute to allow Volvo stake

By William Dawkins

THE French Government yesterday tabled plans to change the Renault car group into an ordinary state-controlled company so that Volvo, its new Swedish partner, can take a 25 per cent stake in Renault.

The reform, adopted by the Council of Ministers, would also for the first time allow Renault, the flagship of France's state industrial sector, to issue non-voting shares to the public. The alliance, under which Renault will also take a minority stake in Volvo, subject to the agreement of the Swedish group's shareholders, will create Europe's largest heavy truck and car producer.

Renault's change of statute will be presented to the French National Assembly on April 26 and 27, where it is expected to come under fire from the Communist party, which is strong enough to delay, though not kill, the plan.

Mr Henry Krasucki, secretary general of the Communist-led CGT trade union, yesterday provided a foretaste of the debate by accusing the Government of "national desertion." His members fear that the abandonment of Renault's status as a state-protected "régie" could weaken the company and lead to job losses, a claim the Government denies.

Under the plan, which is in line with earlier indications by officials, the Government's share of Renault's voting rights will fall from 100 per cent to 75 per cent. Volvo will enter the capital through an issue of new shares, expected to add between FFr12bn ($2.1bn) and FFr15bn to Renault's equity capital and bring in between FFr2bn and FFr5bn cash.

On top of this, Renault will have the right, like any other state-controlled company, to issue up to 25 per cent of its new enlarged capital in non-voting shares or "certificates of investment."

These could be freely traded on the stock market, though there were no immediate plans to do this, said Mr Jean-Pierre Jouyet, senior adviser to Mr Roger Fauroux, industry minister.

Krauss-Maffei takeover allowed

THE West German Federal Cartel Office has approved the planned acquisition of a majority stake in Krauss-Maffei, the defence technology and industrial machinery company by Mannesmann, the companies said, AP-DJ reports.

Under the transaction, which was agreed last December, Mannesmann, the engineering group, will acquire an initial 51 per cent stake in Krauss-Maffei from four of its new affiliate's shareholders.

Dresdner Bank will turn over its 10.9 per cent stake to Mannesmann, as will Deutsche Bank its 10.1 per cent stake and engineering group Buderus its 15.0 per cent.

Acquisitions help Barco expand to BFr1.26bn

By Tim Dickson in Brussels

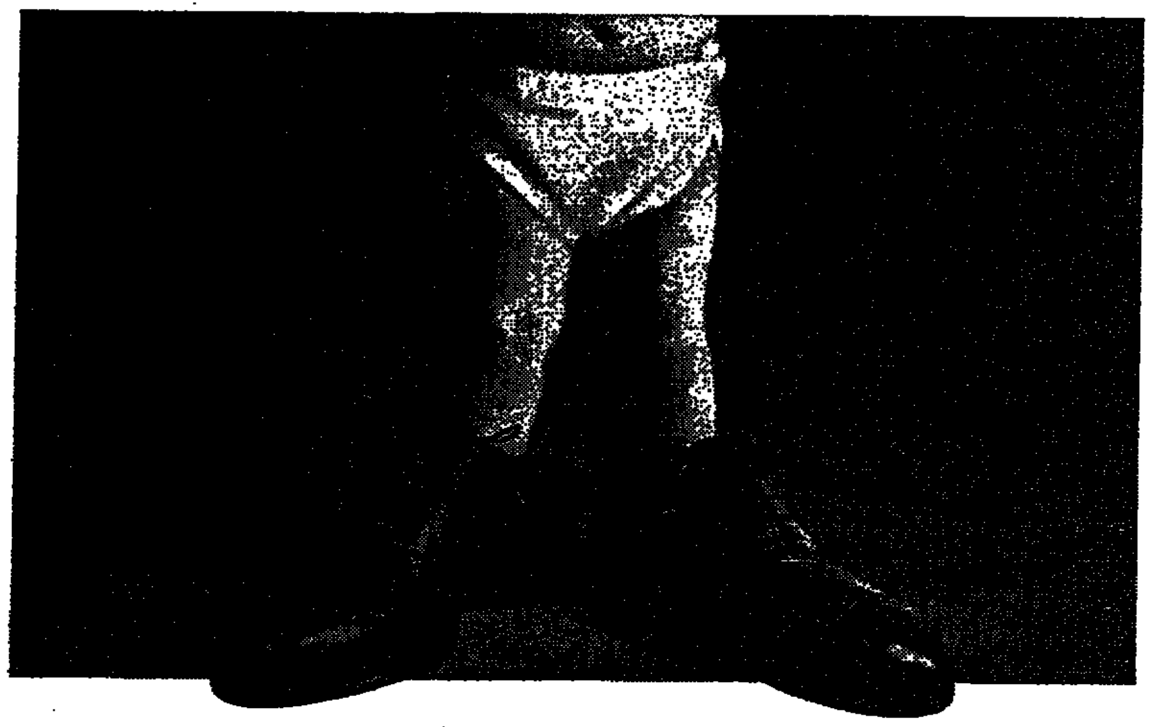
BARCO GROUP, the fast-growing Flemish electronics concern, boosted 1989 pre-tax profits by 43 per cent to BFr1.26bn ($36m) on turnover 53 per cent higher at BFr9.14bn.

About half the sales increase was accounted for by acquisitions but more than 50 per cent of the profit improvement was due to the organic growth of existing activities.

Net operating profits jumped by 87 per cent to BFr1.09bn while an extraordinary profit of BFr173m due to the beneficial effect of tax law changes on intra-company merger operations lifted profits after tax and after depreciation of goodwill to BFr1.12bn, from BFr568m in 1988. Operating profit per share almost doubled from BFr62 to BFr111.

Barco said that "the lower exchange rate of the dollar, the financing needs for acquisitions and the cost of issuing a debenture stock" had disadvantaged its financial results. But "these effects were largely compensated by the growth and the better profitability of almost all important product groups."

Not many one year olds are as steady on their feet as CMB Packaging...



...and we know where we're going.

A year ago, Carnaud SA merged with Metalbox Packaging to create Europe's largest packaging group.

Our European vision is already paying dividends.

In fact, the AGM will be asked to approve a total dividend distribution of FF244 million a 105% increase over last year.*

Turnover increased by 18%, of which 5.4% was organic growth.

Operating profit rose by 23% to FF2,084 million and represents 9.8% of turnover compared to 9.3% in 1988.

Operating profit after interest grew by 20% to FF1,531 million, 7.2% of turnover compared to 7.0% in 1988.

Net profit before exceptional items and amortisation of goodwill has increased by 17% to FF947 million. Net margin on turnover was 4.4%. Net profit attributable to shareholders, comprising the capital gains on the partial disposal of the CMB Steel Division, amounts to FF1,132 million and represents a net margin of 5.3% of turnover.

Despite the new shares issued, net earnings per share rose by 5.4% to FF13.6 (FF17.1 including the exceptional gain on the disposal of the CMB Steel Division representing an increase of 32%).

The prognosis?

A very healthy one year old with plenty of room for further development.

For more information contact the Corporate Communications Department, CMB Packaging; 211 Rue du Noyer, 1040 Brussels. Tel: (322) 7398327 or (322) 7398311.

1989 FINANCIAL HIGHLIGHTS
(in FF million)

	CMB* 1989	CMB* Pro forma 1988	% increase
Turnover	21,316	18,111	+18%
Operating profit	2,084	1,689	+23%
% of turnover	9.8%	9.3%	
Net profit attributable to shareholders	1,132	775	+46%
% of turnover	5.3%	4.3%	
Net income per share in FF	17.1	12.9	+32%
Proposed dividend per share in FF**	3.6	3.0	+20%

CMB

Europe's leading packaging group.

*Results include 12 months former Carnaud and 9 months former Metalbox Packaging. **Excluding Tax Credits.

INTERNATIONAL COMPANIES AND FINANCE

Software link-up confounds the experts

The planned $1.5bn merger between Lotus Development and Novell has surprised many in the computer industry, writes Alan Cane

The news last Friday that Lotus Development, creator of 1-2-3, the world's most popular electronic spreadsheet, was planning to merge with Novell, a leading personal computer networking company, came as a surprise to customers, competitors, industry analysts and even to senior managers in the two companies.

The deal, worth about $1.5bn, will be financed by an exchange of shares – 1.19131 shares of Lotus common stock for each Novell share. The merger is expected to be completed in July.

Mr Jim Manzi, Lotus's ebullient president, will become head of the merged company while Mr Ray Noorda, Novell president, will be second-in-command.

Lotus managers in Europe had been expecting a merger or acquisition, but Novell had not been one of the companies in their sights. They had, in fact, been expecting developments with either Wordperfect, the word processing company with which Lotus co-operates in marketing, or Sybase, the database vendor in which it has a 15 per cent stake.

Some of the surprise seems to result from the speed with which the deal was concocted. According to Mr Manzi, the merger proposal came from Mr Noorda on the Monday of the week of the announcement. It arose out of discussions on joint marketing efforts between the two companies.

"The agreement was concluded after four hours of discussion and a handshake," Mr Manzi said. On Tuesday morning they mobilised their respective lawyers and the deal was finalised.

It is questionable whether four hours' discussion is sufficient to work through the industrial logic of a deal that will, if carried to completion, result in the formation of the world's largest independent personal computer software house, with annual sales of almost $1bn and more than 5,000 staff.

On the surface there is no obvious need for a merger from either side. The two companies are leaders in their respective fields and trading profitably. Dataquest, the US-based marketing consultancy, points out: "At first glance this merger appears, at best, shaky. The two companies' products are currently incompatible; they service different customers and their distribution schemes are dissimilar."

The market – both companies are quoted on the Nasdaq exchange – tended to agree, marking them down a few dollars amid a flutter of analysts' reports questioning the wisdom of the deal. One argued: "We would have preferred to see Novell join forces with a minicomputer database company or a minicomputer software applications company. If personal computer networks running Novell's Netware 386 are to be used as alternatives to minicomputers, then these companies could provide better access than Lotus to data processing departments in Fortune 500 companies."

There is also the argument that, at about $40 a share, Novell is selling itself too cheaply – analysts think $50 a share is closer to the mark. Novell replies that shareholders should swap short-term gains for long-term advantage.

Dataquest claims, however, that the positive aspects of the merger far outweigh the negative. The principal advantage seems to be one of gaining critical mass.

The growth of both companies over the past few years amply demonstrates the volatility of the personal computer software market.

Lotus was established in the early 1980s by Mr Mitchell Kapor, an idiosyncratic psychologist and computer programmer who created the original 1-2-3, an electronic spreadsheet which incorporated a filing system and graphics. Promoted through an expensive advertising campaign, it was an instant success.

Last year Lotus's sales were $556m, second only to those of Microsoft, the US-based microcomputer software company whose product range includes systems software, word processing packages and spreadsheets.

Novell, re-established in 1983 in Provo, Utah, after a disastrous few years as a microcomputer manufacturer, quickly became market leader in local area networks for personal computers – technologies for moving data quickly, securely and economically over short distances. Its sales last year were $422m, up from $347m in 1988.

Nevertheless, neither company on its own can match Microsoft, run by the aggressive and determined Mr Bill Gates. Last year Microsoft posted revenues of $804m.

Many in the industry will be pleased to see a competitor which can match Microsoft's financial muscle, fearful both that the company is becoming too arrogant and too close to International Business Machines, for which it builds personal computer operating systems.

Ms Ester Dyson, a US-based industry analyst, said: "It is one in the eye for Bill Gates." She added that the merger would make better sense as Lotus moved into software for workgroup computing, business programmes designed to be shared by groups of staff using networked personal computers.

The merger is also seen as indicative of a larger move towards consolidation in the software business. Mr Stephen Crummey, Lotus senior vice president with responsibility for international business, says both companies' product strategy involves packaged software running on hardware from several manufacturers.

The merger will also help both companies lose the label of one-product concerns. While Lotus has launched a number of software products which have achieved some commercial success, more than 70 per cent of its revenues are still derived from 1-2-3. When, two years ago, the latest version of 1-2-3 was delayed by 18 months, Lotus's sales and reputation took a severe knock.

Novell's entire product range is based around networking products. Analysts warn that within five years the demand for such products will begin to flatten, leaving Novell more dependent on revenues from applications.

Many "real" customers – the distributors and dealers – seem pleased with the development and the prospect of selling both companies' products through the same channels.

Mr David Southworth, group managing director of P&P, one of the largest resellers of Lotus products in Europe, said: "It is a very imaginative move."

Additional reporting by Louise Kehoe in San Francisco.

Sports broadcasting lifts CBS

By Karen Zagor in New York

CBS, the US media group, has reported strong growth in its 1990 first-quarter earnings, primarily due to the broadcast of two big sports events which boosted the profitability of its broadcasting operations.

Net income for the three months ended March 31 grew by 52 per cent to $85.3m or $3.31 a share from $56.1m or $2.18 in the year-earlier period.

Revenues rose 16 per cent to $851m from $730.6m.

Mr Laurence Tisch, chief executive, said he was pleased with the company's financial progress in the opening quarter. He warned that the outlook for the second period was uncertain "due to a sluggish national economy, heightened competition for television viewers and higher sports rights costs."

CBS benefited in the first three months from broadcasting the National Football League's Super Bowl, one of the biggest sports events in the US, and the National Collegiate Athletic Association's basketball tournament. These helped the group to an 89 per cent jump in operating profits to $87.1m, while sales from broadcasting advanced 16 per cent to $850.4m.

Security Pacific advances

SECURITY PACIFIC, the large West Coast banking group, yesterday reported a 5 per cent increase in first-quarter net income, to $188.4m from $179.3m, although earnings per share were unchanged at $1.54, writes Martin Dickson.

The bank, which has benefited from the relative strength of the Californian economy and a solidly balanced portfolio of businesses, expects continued growth throughout the year.

Net interest income was $746.6m, up $12.8m, while non-interest income rose by $48m to $479.6m. Non-interest expenses totalled $777.9m, a 3 per cent gain.

Net credit losses amounted to $113.9m, 0.71 per cent of outstandings, up from $93.6m last year. This mainly reflected continued weakness in the Arizona real estate market, where the bank reported large losses in 1989.

Motorola sees recovery in depressed chips sector

By Martin Dickson in New York

MOTOROLA, the US electronics and semiconductor group, has produced first-quarter figures at the top end of Wall Street's expectations and reported signs of a recovery in the depressed chips sector.

Earnings totalled $127m or 98 cents a share on sales of $2.53bn, compared with earnings of $123m or 95 cents a year earlier on sales of $2.17bn. The net margin was squeezed from 5.6 per cent to 5 per cent. Many analysts had expected earnings per share of around 90 cents.

Motorola's semiconductor business suffered last year from pricing pressures on commodity products. But in the opening quarter its semi-conductor sales rose 13 per cent and orders 14 per cent, although operating profits were lower.

Digital signal processors, memories, microcontrollers, gate arrays and special function digital-analogue circuits saw substantial order growth.

Mr Andrew Kessler, an analyst at Morgan Stanley, said this could represent the start of a semiconductor up cycle, but Mr Jack Geraghty of First Boston warned that the improvement might fade over the summer.

Shareholders of Lockheed win vote victories

By Roderick Oram in New York

LOCKHEED'S re-elected board has lost the vote on several shareholders' rights issues pushed by Mr Harold Simmons, the Dallas investor, in his proxy fight against the California aerospace company.

Mr Simmons, who controls a 19 per cent stake in Lockheed, claimed a partial victory.

Holders passed resolutions calling for confidential elections and for Lockheed to opt out of a Delaware corporate law and a poison pill plan which would inhibit a takeover.

Mr Dan Tellep, chairman, said Lockheed would follow shareholder wishes on the first two points and would reconsider the poison pill. But he held out little hope of dropping it. The vote was too close and the company felt it was needed to ward off "coercive and unfair takeover tactics."

Preliminary results issued on Tuesday showed that the incumbent board won about 62 per cent of the votes cast at the company's March 29 annual meeting.

Mr Simmons won more support than many observers had initially expected. He said he would have done even better if Lockheed had not cut the proxy fight short by bringing forward the meeting by five weeks.

Woolworth raises quarterly payout

WOOLWORTH, the big US retailer, has approved a two-for-one split of its common stock and declared an 11 per cent increase in its quarterly dividend, on a pre-split basis, to 52 cents a share from 47 cents, AP-DJ reports.

Woolworth said the action reflected the company's increasingly strong financial performance.

HK retailer lifts dividend as net profits rise 41%

By Angus Foster in Hong Kong

WING ON Company, one of Hong Kong's oldest retailers now linked to Seiyu of Japan, yesterday announced strong growth in sales and profits for last year.

Net profits gained 41.5 per cent to HK$189.4m (US$24.2m).

Last September Wing On sold a 40 per cent stake in its department store business to Seiyu. Extraordinary profits from the sale of the stake added a further HK$170m to take total profits to HK$359.6m. The company also benefited from a reduced tax rate.

A final dividend of 20 cents a share as well as a special dividend of 10 cents will make a total payment for the year of 40 cents, almost double the previous 22 cents.

Wing On opened its ninth department store in Hong Kong during the year. The company mainly sells to middle-income Chinese, so was unaffected by the slowdown in tourist spending following the June crackdown in Peking.

Turnover was ahead 27 per cent to HK$1.58bn, suggesting the company has improved its margins. Last February the company reorganised its department store business into a separate company incorporated in Bermuda. Soon after the change, New World Development, a Hong Kong property group, launched an unsuccessful bid for its Wing On Holdings subsidiary in one of the colony's few contested takeover attempts.

Wing On's property portfolio, which contributes about a third of earnings, also did well last year. The company owns a basket of prime Hong Kong commercial property and will have gained from higher rentals, especially in the first half.

Malaysian Plantations in link plan with Kamunting

KAMUNTING, an investment holding company, yesterday proposed a merger with Malaysian Plantations, in which it has a 29.7 per cent stake, AP-DJ reports.

The companies, which have interlocking shareholdings and overlapping directors, would sell their stakes in each other to a listed group to be called Kamunting Amalgamated, which would eventually absorb all of both companies' issued shares.

At completion, Kamunting shareholders would hold 71.8 per cent of Kamunting Amalgamated, while Malaysian Plantations' shareholders would have the remainder.

Holders of Kamunting shares would exchange these for the same number of Kamunting Amalgamated shares, while every 10 Malaysian Plantations shares would be swapped for 11 Kamunting Amalgamated shares.

The 180.1m outstanding shares of Malaysian Plantations were valued at roughly M$248.5m (US$91m) at the close of the Kuala Lumpur Stock Exchange on Tuesday, while Kamunting's 521.9m shares were valued at M$678.4m.

Kamunting, headed by Mr Lim Thian Kiat, has been occupied recently with the sale of assets, including ones held by Malaysian Plantations, to reduce the debt of Multi-Purpose Holdings, in which Kamunting acquired a controlling stake last year. It was unclear whether the merger would affect Kamunting's operational strategy.

In a joint statement the companies said that Kamunting Amalgamated would carry a capital base of M$500m, larger than that of either company.

Hyundai boosts sales by 11%

HYUNDAI MOTOR, the South Korean car maker, has announced net profits of 45.2bn Won ($64m) for last year, up 6.6 per cent, Our Financial Staff writes.

Sales were given as 3,806.5bn Won, a rise of 11.6 per cent, and the company said its 1990 sales target was 4,800bn Won, implying a far sharper revenue increase of just over a quarter.

It maintained its 1989 dividend at 600 Won.

NTT investor sues Japan Government

A JAPANESE investor has filed a suit against the Government demanding compensation for losses incurred after buying shares in Nippon Telegraph and Telephone (NTT), Reuter reports from Tokyo.

A Tokyo district court official said the court received the suit on March 30 and a trial was scheduled for June 19. The plaintiff is suing for Y1.58m ($10,000), only part of the losses. The official said the Tokyo resident bought the NTT stock after the Government sold the first batch of NTT shares in February 1987, but could give no more details.

A Finance Ministry official declined to comment, saying the ministry had not seen the papers documenting the suit.

NTT's share price has fallen below the initial public offering price of Y1.197m in 1986.

The shares hit a record low of Y1.05m on April 5 this year after a record high of Y3.18m on April 22 1987. When trading closed on the Tokyo Stock Exchange yesterday, the shares were down Y30,000 at Y1.06m.

A plan to break up the telecommunications giant has caused concern, but that ruling has been delayed.

Singapore's banks crank up quiet success

Joyce Quek on the country's engines for growth, whose record results fail to excite

The Big Four local banks in Singapore have turned in record performances for 1989, with combined group after-tax profits of S$765.8m (US$410m), up 30 per cent. Most analysts project similar growth this year to take earnings over the S$1bn threshold.

The four – DBS Bank, United Overseas Bank (UOB), OCBC Bank, and Overseas Union Bank (OUB) – have lifted their dividends, and three have made share issues.

Two points of note emerge from their performance last year. First, there has been no official writeback of unused loan loss provisions although the economy has boomed, and this has led some to suspect that they might have been taken straight back into the banks' inner reserves.

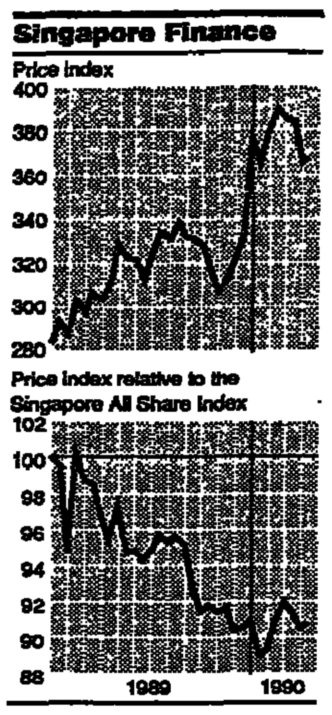
Second, the banks' shares have underperformed the buoyant Singapore stock market. In the absence of a banking sector index, Mr S.K. Lim, a Morgan Grenfell Asia Securities analyst, tracked the performances of the Big Four from the beginning of 1989 to February 22 this year and discovered that they had improved 38 per cent in the period against 54 per cent for the market.

Baring Securities noted that, although the Stock Exchange of Singapore's index rose 33 per cent through 1989, the finance sector index – which includes insurance and finance companies – increased by only 19 per cent.

Both broking firms are still bullish about the sector, but there are also significant differences of strategy among the Big Four.

State-controlled DBS beat UOB for the third year running to the top slot, as measured by net profits. This figure jumped 25.1 per cent to S$250.3m. DBS is the only bank also to disclose pre-tax profits, which gained 21.2 per cent to $359.7m.

Analysts attribute its success to a policy of maintaining the lowest prime rate among the Big Four, resulting in one of the largest loan portfolios; what Barings describes as its "superb relationship with businesses and Government"; dividends from subsidiaries and investments; and its well-regarded foreign exchange dealing and equities arms.



DBS was started as a medium-term financing institution for industries. This base has proved to be a sound foundation for its lending, which leapt 30 per cent last year. Its two rate increases in 1990 only brought it level with competitors, while interest margins have actually shrunk.

The bank is also expected to benefit most from the state's privatisation programme. It has handled more than half of all new equity issues in Singapore since 1985, and last year was commissioned with N.M. Rothschild to conduct a feasibility study on the privatisation of the Public Utilities Board.

UOB did better in percentage terms: up 39 per cent after tax to S$239.6m. Its 79 branches form the largest retail network of all banks. Contributions also came from its stockbroking and merchant banking activities, and increased property rentals.

Mr Eric Ritter, a Barings analyst, says that UOB has led in introducing new technology and financial products.

Mr Lim of Morgan Grenfell is keen on OCBC for the imminent realisation of the value of its considerable land holdings. OCBC had net profits last year of S$200.4m, but it is expected to reap S$115m after tax from just one project, the Tanjong Rhu condominiums, over the next three years, and that on a conservative estimate.

"OCBC's loan book is skewed towards property and construction which are the fastest growing sectors, compared to DBS which has a balanced portfolio, and UOB, which was more towards general commerce but is moving quite aggressively into housing loans," says Mr Lim.

OUB showed the sharpest growth last year, ahead 44.6 per cent to S$75.5m, but still lagging behind. Its banking, securities, hotel and property subsidiaries were the main contributors. Mr S.W. Fock, installed as president in mid-1988, has had his work cut out, but is attacking on several fronts.

He is said to have cut down on low-yield loans, set higher targets for his staff, improved its service by revamping branches and introducing a S$30m computerisation programme, and set up a regional Asean business department to seek opportunities.

The financial services sector is seen locally as the twin engine of Singapore's growth alongside manufacturing – yet bank stocks have failed to excite the imagination. Despite the earnings records, explains Mr Lim, the banking sector "performed according to expectations; it has become too predictable." Even success, it seems, sometimes has its downside.

INTERNATIONAL CAPITAL MARKETS

Cries in the night bring life to the pits of Chicago

Barbara Durr on the sound of success for futures

Only a barrage of waste-paper and an eerie silence remain after the trading is over in the Chicago Board of Trade's (CBOT) cavernous pit halls – until 6.30pm. Then the night trading session comes alive.

It is the only after-hours, open-outcry session at the world's two largest future exchanges. The session will be three years old this month and is regarded as a resounding success by the CBOT.

It was originally designed to pick up early business in Tokyo, 15 hours ahead of Chicago, and 5,000 contracts per night was set as an initial trading goal. It has more than met these objectives.

An average of 15,971 contracts were traded daily in 1987, its first year, and during the first quarter this year average daily trading volume rose to 20,078.

Tokyo now accounts for at least 40 per cent of the evening session's activity. Some estimates put the figure at well over 60 per cent.

Trading volume has risen steadily over the past three years and appears to be heading for a big increase in 1990. During the first quarter this year total volume climbed to 1.2m contracts, up 50.8 per cent over the same period last year. The growing volumes are testimony to the shifts in international interest rates, especially those in West Germany and Japan, traders say.

In all of 1987, the late session traded 2.4m contracts; in 1988, 3.4m; and last year, 3.6m. If the evening session were a separate exchange, it would be the eighth largest in the US.

The futures contracts offered are US Treasury bonds, which easily outpace all other offerings, Treasury bond options, US Treasury notes, and Treasury note options.

A 5,000 oz silver contract and a 100 oz gold contract were also begun in 1987, but these traded thinly for about a year and were given up in 1988. During daylight saving hours, which are currently in force, the session runs from 6.30pm to 9.30pm and during normal hours from 5.30am to 8.30pm Sunday through Thursday.

Treasury bond futures and options on Treasury bond futures have composed about 97 per cent of all trading at the evening session during the past three years.

The exchange was worried that the session could be badly dented by the start of trading in US Treasury bond futures on the Tokyo Stock Exchange last December, but so far it appears that the competition from Japan has not measurably hurt the CBOT.

None the less, the CBOT is still concerned about the competition given that US futures markets have been losing market share, and Mr Thomas Donovan, the exchange's president, warned: "Don't think the contest is over."

While the night session might logically be replaced by electronic trading once the CBOT's new Aurora computer system is in place, Board of Trade officials say they plan to keep the open outcry session, at least for Treasury bond futures and options. The other contracts, however, may well be absorbed by Aurora.

The main reason for keeping the session, at least for the busy Treasury bond futures contract and its options, is the CBOT's dogged insistance on the open outcry method. "Open outcry floor trading remains our first choice as the best way to conduct business. If it were feasible to staff a floor population on 24-hour basis, we would," said Mr Karsten "Cash" Mahlmann, CBOT chairman, recently.

The Chicago Mercantile Exchange chose not to initiate an evening session and instead to concentrate on developing its Globex electronic trading system to take advantage of eventual 24-hour trading. Globex is due to start at the end of June, though the two Chicago exchanges are still in talks about how to co-ordinate their two electronic trading systems.

The CBOT's evening session, however, has also served a completely different purpose in that it has been a training ground for many young traders who wanted to get a start at a cheaper entry price.

An evening trading session permit could cost as little as $2,000 for a year, whereas recent bids on full CBOT memberships ran to $324,000.

The night-session price could change when the CBOT reorganises its permit system in early May. The night permit will no longer be issued, and instead full or associate members will lease their night hours instead.

Potentially this could increase the number of traders, given that full and associate members number more than 2,100, and they could all lease time. Currently, there are just 181 special night trading permits.

"The session has matured," said Mr Charles Carey, a veteran floor trader who has come to the night session since it began. "We're no longer a bunch of greenhorns."

Fannie Mae jumps 67% to record quarter

By Janet Bush in New York

THE FEDERAL National Mortgage Association, commonly known as Fannie Mae, yesterday reported record earnings in the first three months of the year of $277m, a jump of 67 per cent over the same quarter in 1989.

Fannie Mae is a public company chartered by Congress to provide a continuous flow of funds to mortgage lenders, buying mortgages from banks and savings institutions, packaging them into securities and selling them to investors. It also keeps mortgages as part of an investment portfolio.

Its record net income in the first quarter compares with earnings of $237m in the fourth quarter of 1989 and $165m in the first three months of last year.

Mr David Maxwell, chairman, noted that this was the ninth consecutive quarter of record earnings and that this performance was based on solid fundamentals.

"Our net interest margin was the widest in history; we issued the largest volume of mortgage-backed securities in any first quarter; and properties acquired through foreclosures dropped to their lowest level since peaking in 1987."

The company issued $24.1bn in mortgage-backed securities in the first quarter, compared with $14.4bn in the same quarter a year earlier. Fannie Mae's average net investment balance – mortgage loans held and other investments – stood at $120.6bn in the first quarter, compared with $108.6bn.

Mortgage-backed securities have seen a steady increase in demand since the start of this year, partly because of the deteriorating credit quality of corporate and junk bonds.

The increased demand has so far offset forced selling of mortgage securities by ailing thrifts but there is still concern about the impact of further sales on the market.

Mr Lewis Ranieri, chairman of Hyperion Capital Management and former head of mortgage-backed securities at Salomon Brothers, said yesterday that $60bn to $70bn of mortgages could be sold during the next six months by Resolution Trust Corp, the body set up by the Government to oversee the bail-out of the thrift industry.

The total sold over the next 18 months could be around $100bn, he told a group of institutional investors yesterday.

Fannie Mae has offered help to RTC in helping dispose of mortgage assets.

Associations back G30 on securities

THE International Councils of Securities Dealers and Self-Regulatory Associations has endorsed procedures aimed at resolving inefficiencies in the way securities are paid for and delivered in international stock trading, AP-DJ reports.

The international councils, representing self-regulatory organisations and dealers in the US, Canada, the UK, France and Japan, endorsed recommendations of the Group of Thirty on development of common standards for clearance and settlement of securities transactions in all countries. The G30 is a London-based body of world financial leaders.

International stock trading has increased 16-fold since 1979. Last year investors traded nearly $1,500bn in stock of foreign companies, the group said. According to some projections this amount will triple in the 1990s, with cross-border stock trading approaching $5,000bn by the year 2000.

Mr Edward O'Brien, president of the Securities Industry Association, a co-host of the conference, said: "The councils took a step toward promoting the growth of cross-border equity trading by endorsing the G30 resolutions to speed up the clearance and settlement process and reduce risk to participants."

Mr Joseph Hardiman, president of the National Association of Securities Dealers, which also hosted the meeting, added: "Among the barriers to growth of international stock trading are the practical inefficiencies investors confront in buying and selling stocks internationally."

Tokyo SE may cut broker commissions

A TOKYO Stock Exchange committee will meet soon to discuss the reduction of broker commissions, an exchange official said, Reuter reports.

The exchange last reduced commissions in October1987.

Commissions range between 0.22 per cent and 1.20 per cent.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 11

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅜ 95	600	99⅞	100¼	−0⅛	+0⅛	9.35
Austria 9⅝ 93	140	100⅞	101⅜	0	+0⅛	9.16
B.F.C.E. 8⅞ 94	175	†96½	97	0	+0⅛	9.29
B.F.C.E. 9¼ 95	150	99⅛	99⅝	−0⅛	+0⅛	9.32
Brit. Tel. Fin. 9⅜ 98	250	†99⅛	99⅞	0	+0⅜	9.42
Canada 9 96	1000	99¼	100⅛	0	+0¼	8.99
C.C.C.E 9¼ 95	300	99⅝	100⅛	0	+0⅛	9.27
Cr.Local France 8⅞ 99	250	95⅝	96⅛	0	+0⅛	9.47
Credit National 7⅞ 92	100	96⅝	97⅛	−0⅛	+0⅛	9.12
Credit National 9½ 92	160	†100⅜	100⅞	−0⅛	+0⅛	9.19
Denmark 8¼ 94	150	†95⅝	96⅛	0	+0⅛	9.42
E.E.C. 7 91	†100	96⅝	97⅛	−0⅛	0	9.08
E.E.C. 10 93	140	†101⅞	102⅛	−0⅛	+0⅛	9.24
E.I.B. 8½ 99	150	94⅛	94⅝	−0⅛	+0⅛	9.40
Eurofima 10¼ 93	100	†102⅛	102½	0	+0⅛	9.21
Elec. De France 9½ 99	200	†100¼	100⅝	0	+0¼	9.41
Euro.Credit Card Tst.9 95	750	97⅝	98⅛	−0⅛	+0⅛	9.55
Finland 9 96	250	98⅜	98⅞	−0⅛	0	9.32
Finn.Exp.Cd. 8½ 92	200	98⅝	99⅛	0	+0⅛	9.15
Finn. Exp. Cd. 9⅜ 95	200	†99⅝	100	−0⅛	−0⅛	9.41
Ford Motor Credit 8 91	250	†98¼	99¼	0	0	0.09
G.E.C.C. 10½ 91	300	101⅛	101⅝	0	−0⅛	0.09
G.M.A.C. 8¾ 94	500	†96⅝	97⅛	0	+0¼	9.59
G.M.A.C. 9 96	300	97	97½	−0⅛	+0¼	9.59
Gen.Mtrs.Corp. 9⅛ 92	200	†99⅜	99⅞	0	+0⅛	9.27
Honda 9⅜ 97	300	99⅛	99⅝	0	+0¼	9.74
IBM Credit Corp. 8⅝ 92	400	98⅞	99⅜	0	−0¼	8.98
IBM Credit Corp. 8⅞ 91	250	†99	99½	−0⅛	0	9.34
IBM Credit Corp. 9 92	250	99½	100	0	+0⅛	9.08
IBM Credit Corp. 9½ 92	250	100⅜	100⅞	−0⅛	−0⅛	9.09
Italy 8½ 94	1500	96⅞	97⅜	−0⅛	+0⅛	9.28
Italy 9½ 95	1000	100½	101	0	+0¼	9.30
Italy 9⅝ 99	1000	100⅞	101⅜	−0⅛	+0⅜	9.43
Itoh C. W/W 4⅜ 94	1000	95⅝	97⅛	+0½	+3¼	5.61
Japan Dev. Bank 10 96	200	†102⅝	103⅛	−0⅛	−0¼	9.35
KFW Intl. Fin. 9 94	300	99	99⅜	−0⅛	+0¼	9.22
L.T.C.B.of Japan 8¾ 96	200	95⅝	96⅛	0	+0⅛	9.60
L.T.C.B.of Japan 9¼ 92	200	†99⅛	99⅝	0	+0⅛	9.43
New Zealand 9 94	850	98	98½	−0⅛	+0⅛	9.48
Nippon Tel.&Tel. 8½ 96	200	95⅛	96	0	+0¼	9.39
Nippon Tel.&Tel. 9⅜ 98	250	—	—	—	—	—
Norway 8¾ 93	500	†99	99½	0	+0⅛	9.04
Oesters Kontbk. 9¼ 94	350	†99⅞	100⅜	0	+0⅛	9.45
Sumitomo Corp. W/W 4 93	1500	101⅝	103⅛	−0⅜	+5⅛	3.21
Sweden 8¾ 96	200	97½	98⅛	+0⅛	+0⅛	9.25
Toyota Mtr.Corp. W/W 4 93	1500	101⅞	103¼	+0¼	+3½	3.15
Victorian Rep 11⅛ 92	150	103⅝	104⅛	0	0	9.44
Union Bk. Switz. 9¼ 02	225	96½	97	−0⅛	+0⅛	9.99
World Bank 8⅜ 99	1500	95⅞	96⅛	0	+0⅛	8.86
World Bank 9 97	300	†98⅞	99¼	0	+0¼	9.18
World Bank 9 93	300	99⅞	100⅛	0	+0¼	8.97
World Bank 9¼ 98	300	†99	99½	0	0	9.36
World Bank 9⅝ 99	500	101¼	101¾	−0⅛	+0⅛	9.36

Average price change... On day 0 on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	88⅞	89⅛	+0⅜	−0⅛	8.92
Austria 6¾ 99	750	†87	87¼	+0⅜	−1	8.88
Bk.Frgn.Econ.USSR 7 96	750	*†89⅞	89⅜	0	0	9.31
Bank of Tokyo 5¾ 93	100	92¼	92¾	+0⅜	0	8.80
Commerzbank o/s. 5⅜ 93	300	91½	92	0	+0⅛	8.87
Credit Foncier 6¾ 99	500	†86½	87	−0¼	−0½	8.96
E.I.B. 6⅛ 99	600	84⅛	84½	+0⅛	−0⅞	8.87
E.I.B. 6½ 99	300	†85½	85⅞	+0⅜	−0⅛	8.90
E.I.B. 6⅝ 96	600	90⅝	90⅞	0	+0⅛	8.72
E.I.B. 6⅞ 95	300	90⅞	91¼	0	−0¼	8.97
E.I.B. 8 2000	500	96⅛	96⅞	+0⅛	−0⅛	8.49
Euro.Coal& Steel 7⅞ 94	100	†96⅛	96½	+0¼	+0¼	8.74
Eurofima 6¼ 96	100	87	87½	0	−0⅛	9.02
Elec De France 5¾ 97	300	82⅞	83⅛	+0⅜	−0⅜	9.04
Hydro-Quebec 6¾ 99	300	†87½	88	+0⅛	−0⅜	8.78
Japan Dev. Bk. 5⅞ 95	300	†85⅝	86⅛	+0⅜	+0⅛	8.97
Japan Finance 5⅜ 97	100	83	83½	0	−0⅜	9.14
I.A.D.B. 7¼ 99	300	89⅞	90¼	+0¼	−0¼	8.85
Ireland 6½ 97	300	86⅞	87⅛	+0⅛	+0⅜	9.04
Ireland 7¼ 99	500	88⅞	89⅛	+0⅛	−0⅜	9.03
Malaysia 6¾ 94	150	89⅞	90⅜	+0⅛	−0½	9.16
Nat. West BK. Plc 6 98	300	—	—	—	—	—
Nippon Telg.&Tel. 6 95	400	†87⅜	87⅞	0	+0⅛	9.03
Oesters. Kontbk. 5 93	300	90	90½	0	−0⅜	9.08
Portugal 5¾ 92	150	92⅞	93⅛	+0⅛	−0⅛	9.16
Portugal 6⅝ 95	150	90¼	90⅞	0	0	8.93
Royal Insurance 5½ 92	300	94	94⅜	0	−0¼	8.76
Turkey 6½ 95	500	†87⅜	87⅞	+0⅛	+0⅜	9.69
Union Bk.Finland 5½ 94	200	†88¼	88⅝	−0¼	−0⅜	9.23
World Bank 6 98	500	†82½	82⅞	+0⅛	−0⅜	8.97
World Bank. 6¼ 97	600	85½	85⅞	+0⅜	−0⅜	8.99
World Bank 6¾ 99	600	86⅛	86⅝	+0½	−0⅞	8.92

Average price change... On day +0⅛ on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†83¾	84¼	0	+0⅜	8.36
Asfinag 5 03	100	†80	80½	−0½	−0¾	7.37
B.F.C.E. 4½ 98	200	†83½	84	+0⅛	+0⅜	7.17
B.M.W.Fin.Neth. 5 13	150	†72	72¼	−1⅝	−1⅞	7.60
Britannia B/S. 4¼ 94	100	†85½	87	+0½	+1	8.28
CIR. Int. W/W 3 93	125	†84	84¼	0	−0¼	8.78
Credit Lyonnais 4¾ 00	100	†78	79	−0¼	−0½	7.91
E.I.B 4⅝ 98	150	†82	82½	−0¼	0	7.61
Finn. Exp. Cd. 8¼ 92	75	†97¼	98	0	+1⅜	9.20
Fletcher Chall. 4⅞ 98	150	†75½	75⅞	0	+0⅛	9.33
I.A.D.B. 6 2004	200	†87⅜	88	+0⅛	+0⅜	7.39
Kobe City 4⅝ 98	150	†82¼	82½	+0¼	−0⅛	7.57
Leeds Perm. B/S. 4⅛ 93	200	†87½	88	0	−0½	8.94
Malaysia 5¼ 98	100	†83⅞	84	−1	−0⅜	7.99
Maxwell Comm.Crp. 5 95	150	†80⅝	82	−0⅜	−0⅜	9.73
Nat.Bk. Hungary 5½ 94	75	†82⅛	83½	−0¼	−0½	10.22
Nationwide Ang.B/S. 4 93	200	†86¼	87½	−0⅛	+0⅜	8.80
Prov. Newfoundland 5 03	150	†79½	80	+0¼	+0¼	7.40
Thailand 4⅝ 95	200	†85	87	0	0	7.98
World Bank 5 03	150	†82	83	+0¼	+1½	7.06

Average price change... On day 0 on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	98⅜	99	−0⅛	0	0.07
Canada 5⅜ 93	80	95⅛	95⅜	−0⅛	+0⅛	7.29
Cr.Local France 6¼ 94	300	95	95¼	−0¼	+0⅛	6.69
Denmark 6¼ 95	300	95⅛	95⅜	−0⅛	+0¼	6.68
E.I.B. 4⅞ 93	30	94	94¼	−0⅛	+0⅛	7.19
Norway 5⅛ 95	50	91	91¼	−0¼	−0⅛	7.31
Sweden 4⅝ 93	50	92½	92¾	−0⅛	0	7.37
World Bank 5¼ 98	10	86½	87½	−0⅜	0	7.39
World Bank 7 94	20	98⅝	99⅛	0	+0⅛	7.33

Average price change... On day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	88½	89	+0¼	−1¼	13.80
Abbey Nat. 11⅝ 93 £	100	92⅞	93⅜	0	−0⅛	14.73
Aegon 7¾ 92 Fl	100	97⅜	98	0	−0¼	8.10
Alg. Bk. Ned. 5¾ 93 Fl	200	91¼	91⅝	0	+0⅛	9.24
Austria 7½ 94 ECU	100	89½	90	+0⅛	+0¼	10.82
Barclays Aus.13½ 91 A$	100	98	98⅜	+0⅛	+0½	14.79
Bell Canada 10⅞ 04 C$	200	88	88½	+0¼	−1⅞	12.66
BP Capital 9¼ 93 £	100	88⅝	89¼	0	−0¼	14.58
British Airways 10 98 £	100	82	82½	−0¼	−0¼	13.82
Brit. Telecom 9½ 93 £	150	88¼	89	0	0	14.54
Comm.Bk.Aust. 12⅝ 93A$	100	†94⅞	95⅛	+0¼	+0⅝	14.64
Comm.Bk.Aus.13⅛ 94 NZ$	60	101½	102⅛	0	0	13.06
Credit Foncier 9 96 Ecu	100	92⅛	92⅝	+0⅛	+0⅛	10.72
CrLocalFrance 9¼ 92Ecu	100	*†97⅝	97⅝	0	0	10.49
CrLocalFran.10¼ 95 Ecu	225	98¼	98¾	0	+0⅛	10.64
Deut. Bk.Aus. 13⅜ 93 A$	125	97⅞	98⅜	+0⅛	+0¼	13.99
Deutsche Bk.Fin. 15 94 A$	100	102¼	103	+0⅛	+1	14.09
Elec.De France 9¾ 99C$	150	83⅞	84⅜	+0⅛	−1⅝	12.71
E.I.B. 7 96 LFr	100	†89¼	90⅜	0	−2¼	9.23
E.I.B. 7⅛ 99 Fl	150	88	88½	0	−1⅝	9.02
E.I.B. 9 99 Ecu	150	90⅝	91⅛	−0⅛	−0⅛	10.62
E.I.B. 10 97 Ecu	800	96⅜	96⅞	0	−0⅜	10.68
Eurofima 7⅜ 94 Ecu	100	90½	91	0	0	10.69
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†93¼	93¾	+0¼	−0⅝	13.38
Ford Cr.Can.10¼ 93 C$	100	†94	94½	0	−1⅛	13.27
Ford Cred.Can.10⅞ 96C$	125	—	—	—	—	—
Ford Cred.Fund.10¼ 93£	60	89⅛	89⅝	0	−0⅝	14.70
G.M.A.C.Canada 11 3/4 94C$	100	94⅛	94⅝	+0⅜	−1⅛	13.65
Heineken 7⅝ 94 Fl	150	95⅜	96	0	−0½	8.14
Hydro-Quebec 11 99 C$	400	89⅞	90⅜	0	−2⅛	12.95
Lloyds Bank 10¼ 98 £	150	82¼	82¾	−0⅛	−0¼	14.04
Lloyds Bank 11⅜ 98 £	100	87⅛	88	+0¼	−0¼	13.91
Nat. Aus. Bk. 14¼ 94A$	100	100⅛	100⅝	−0⅛	+0¼	14.57
New Zealand 9½ 93 £	100	87⅞	88¼	0	−0¼	14.58
O.E.K.B. 10¼ 99 C$	150	86¼	87¼	+0¼	−1¼	12.68
Royal Bk.Scot.10⅜ 98 £	125	84⅛	84⅝	0	−0½	14.05
Saskatchewan 10¼ 93 C$	200	91¼	91¾	+0⅛	−1¼	13.33
State Bk.NSW. 13⅞ 93A$	100	97⅞	98⅜	0	+0⅜	14.54
Sweden 7½ 93 Ecu	250	91	91½	+0⅛	+0¼	10.56
Sweden 15 94 A$	100	102	102¾	−0¼	+0¼	14.15
Toyota Mtr.Cr.10⅜ 94C$	150	89⅞	90½	+0⅜	−1½	13.53
Toyota Mtr.Cr.11⅜ 92C$	150	96¾	97¼	+0⅜	−0⅝	13.04
World Bank 7⅞ 99 Fl	300	88	88½	0	−1⅝	9.06
World Bank 9½ 95 Ecu	100	95⅛	95⅝	+0⅛	+0¼	10.77
World Bank 10⅞ 94 £	200	90¼	90½	0	0	13.96
World Bank 13⅞ 92 A$	100	98½	99¼	−0⅛	0	13.96
World Bank 14¼ 94 A$	75	99⅜	99⅞	−0¼	+0¼	14.30
Zentrspk. 13¼ 93 A$	75	†98⅝	99⅛	−0⅜	+0¼	13.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.86	99.91	24/04	15.33
Bank of Greece 99 US	†0¼	98.37	98.62	8/09	8¼
Belgium 91 US	0	99.97	100.06	21/06	8.32
Chelt.& Gloucester 94 £	.063	99.74	99.79	31/05	15¼
Credit Foncier 98 US	.063	99.65	99.75	20/04	8.31
Dresdner Finance 99 DM	†.031	100.16	100.26	28/04	6.97
EEC 3 92 DM	†0	100.45	100.55	21/06	[illegible]
Halifax BS 94 £	.1	99.99	100.04	9/05	15.22
Invt. In Industry 94 £	0¼	99.93	100.03	17/04	15⅝
Leeds Perm. B/S. 94 £	0⅛	100.07	100.12	17/04	15.37
Milk Mkt. Brd. 5 93 £	0⅛	99.88	99.93	29/06	15.31
New Zealand 5 97 £	.07	99.95	100.05	22/05	15.06
Northern Rock 92 £	0½	99.80	99.85	30/04	15.18
State Bk. Nsw. 98 US	.188	99.60	99.85	14/08	8.56
Woolwich Equit. BS. 93 £	0⅛	100.00	100.05	17/04	15.37
Woolwich 5 95 £	0⅛	99.95	100.00	22/05	15¼

Average price change... On day 0.00 on week +0.00

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	107⅞	108⅞	+0⅜	6.86
Amer. Brands 5¾ 05 US	4/90	79.	99⅜	100⅜	+0⅛	18.65
Asda 4¾ 02 £	3/87	1.64	101⅜	102⅞	−0¼	65.42
CBS. Inc. 5 02 US	4/87	200.	97	98	+0⅞	8.44
CRH Capital 5⅞ 05 US	†4/90	3.32	98¼	99¼	0	[illegible]
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	67⅜	68⅜	+0¼	16.48
Daiwa Bank 3⅛ 95 US	2/90	1628.	86¼	87¼	+0⅝	6.07
Primerica 5½ 02 US	4/87	66.75	71⅝	72⅝	+0¼	65.27
Eng.China Clay 6½ 03 £	9/88	4.8	79¼	80½	+0⅞	7.87
Fujitsu 3 99 US	5/84	1106.	195⅞	196⅞	+1½	−0.48
Ladbroke Grp. 5¼ 04 £	6/89	3.55	96¼	97¼	0	19.26
Land Secs. 6¾ 02 £	6/87	6.72	81	82	−0¼	8.88
Minolta Camera 2¼ 94DM	2/86	1004.	94½	95⅞	−0¼	13.70
MCA Inc 5½ 02 US	9/87	69.62	90¼	91⅜	+1⅛	21.96
Mitsubishi Bk. 3⅛ 04US	5/89	3266.	70⅝	71⅞	+2	15.99
Next Plc 5¾ 03 £	11/87	4.3	96⅞	97⅞	[illegible]	[illegible]
[illegible] 2⅞ 03 US	*4/88	804.	118⅞	118⅞	0	2.66
Omnicom Inc. 6 1/2% 04 US	7/89	28.	101¼	102⅞	[illegible]	26.05
[illegible] 2⅞ 02 US	4/87	1310.	227½	228⅞	+3⅞	[illegible]
Rank Hovis 4¼ 03 £	†1/88	3.5	111	112	−0¼	8.32
Redland 7¼ 02 £	1/87	5.4	99⅝	100⅝	0	−1.89
[illegible] 6¾ 03 £	†10/89	4.41	66⅛	67⅛	−0⅝	142.19
Sumitomo Bank 3¼ 04 US	2/89	3097.	64⅞	65⅞	−2	32.81
Texas Inst. 2⅞ 02 US	9/87	82.87	75⅜	76⅜	+0⅜	68.26
Utd.N'papers 8 04 £	10/89	8.77	130⅛	131⅛	−0⅛	228.06
W.R. Grace 6¼ 02 US	9/87	42.12	86⅛	87⅛	−0⅞	26.12

* No information available-previous day's price

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

Morgan Stanley postpones Nikkei put warrant issue

By Janet Bush

MORGAN Stanley, the Wall Street investment bank which is one of the most active US participants in the Japanese stock market, said it had indefinitely postponed plans to issue 7m put warrants on the Nikkei 225 index.

The company cited the current volatility of the Tokyo market. Morgan Stanley filed a shelf registration in January for the issue of warrants which became effective on March 8 and allowed the company to issue the warrants at any time since that date.

Paine Webber, the investment services group, said it intended to go ahead early to mid-next week with pricing a 5m issue of Nikkei put warrants and 3.5m of Nikkei call warrants.

Morgan Stanley's decision to postpone its offering and Paine Webber's to go ahead may be a reflection of the mixed view on opportunities afforded by current market conditions on the Tokyo market.

A trader at Salomon Brothers, which last week launched the first US issue of call warrants after issuing three sets of successful long-term put warrants, said yesterday the company's put warrants continued to trade very liquidly and saw demand.

As of 11.30am New York time yesterday, 165,000 of its first issue of puts had been traded and 94,000 of its second. The trader said: "There is a mixed view on the market. Investors are trading in both puts and calls. Calls saw heavier volume early this week, partly because they were a newer issue. Calls are generally no more in demand than puts."

UK retailer announces £500m CP programme

By Deborah Hargreaves

KINGFISHER, the UK retail company, announced the establishment of a new £500m multi-currency Eurocommercial paper and medium-term note programme yesterday, making it the first UK commercial company to take advantage of the Bank of England's new rules on the sterling market sector. National Westminster Bank said recently it would establish a £750m MTN programme.

The Bank simplified its rules on issuing one- to five-year paper in January this year making medium-term notes a fairly straightforward and less expensive way of raising funds.

Kingfisher said its new CP programme will partly replace an existing £150m ECP programme which was established three years ago.

The programme initially allows the company to issue commercial paper and medium-term notes in sterling, dollars, yen and Ecu with a view to adding other currencies as regulations permit.

The programme has been arranged by Morgan Grenfell and an eight-bank group will deal with the paper.

UBS to expand in Italy

UNION Bank of Switzerland (UBS), the country's largest commercial bank, said yesterday it planned to set up an investment bank in Milan specialising in management and leveraged buy-outs, AP-DJ reports.

It added that the move would mark UBS's first direct presence in the Italian market.

The value of the bank's planned investment in the unit was not disclosed. UBS said its 20 per cent stake in Banco Internazionale Lombarda (BIL) of Milan would not be affected by the new unit.

Compromise ends HK settlement dispute

By Angus Foster in Hong Kong

AN argument raging among Hong Kong's securities authorities and market players seems to be solved after a long-running debate over settlement procedures on the local stock market ended in compromise.

This has cleared the way for Hong Kong's much delayed plans to move to scripless trading and a centralised stock clearing system next year.

The move is considered essential if the stock market is to avoid a repetition of the settlement backlog and embarrassment caused by the 1987 market crash, when the local exchange had to be closed.

The stock exchange, with the backing of local stock brokers, had argued that settlement periods should be kept short to minimise the risk to brokers of non-payment. The exchange also threatened to introduce a penalty system for late settlement.

But international brokers in Hong Kong wanted an extension of the settlement period and argued that their overseas clients needed longer to pay.

The foreigners received the backing of the Securities and Futures Commission, the overall market watchdog, which is keen to internationalise Hong Kong's financial markets.

But the stock exchange has now backed down on its penalty proposals, although the settlement deadline will only be extended one day to settlement on the second day after the transaction (T+2).

Although the argument is now over it remains to be seen if the system can work. Hong Kong's system of next-day settlement is often overstretched and brokers estimate only about a third of all trades meet the present deadline.

International brokers in Hong Kong welcomed the compromise and will now work towards trying to lift the percentage of trades settled within T+2 to 90 per cent by the time the new system comes into force.

"I think we can get somewhere close to it," said Mr William Phillips, managing director of Baring Securities (Hong Kong).

ADT £100m exchangeable issue cut by 25%

By Norma Cohen and Stephen Fidler, Euromarkets Correspondent

CREDIT Suisse First Boston, lead manager for a £100m ADT exchangeable preference share offering launched last week, fixed the terms yesterday and, in a highly unusual move, announced a 25 per cent cut in the size of the issue price.

Also, the conversion premium into shares of BAA was set a whisker below the lowest level indicated on the day of launch while the yield to the put date was set at the highest indicated level – all of which added up to a picture of a deal that had gone wrong.

For its part, lead manager CSFB and the issuer itself pinned the blame on "difficult market conditions," saying that foreign investors could not be persuaded to buy sterling securities at this time. But market participants said that while perceptions of sterling had diminished the interest of some non-UK investors, there had been much more about the deal that discouraged buying.

Significantly, market participants said that viewed objectively the deal had been well – even generously – priced. While BAA shares offer a running yield of about 3 per cent, an investor could switch into the ADT issue and earn a running yield of 8 per cent until the conversion date.

Instead, market participants, including members of the syndicate group, identified three basic flaws with the offering. For one thing, the issue needed to have participation of UK investors in order to have been successful, and UK investors were simply not buying in size.

CSFB was seen to have made a tacit admission of this fact by appointing Barclays de Zoete Wedd as joint lead manager. CSFB had previously led deals for ADT on its own.

Meanwhile, the structure was not designed with UK investors in mind. It carries a low 8 per cent coupon but offers a put option after five years which allows investors to earn a return of 75 basis points over gilts. The put is a sort of insurance policy against a sagging stock price.

However, while that structure has been particularly appealing to Swiss investors, UK investors have recently preferred a higher coupon with no put protection. But perhaps more critically, ADT has not been a popular company with UK investors, partly because its core businesses are difficult to understand.

Also, ADT had taken a number of actions in the past which angered UK investors, such as switching its domicile to Bermuda which allowed it to circumvent UK rules on pre-emptive rights. And ADT is viewed as an acquisitive firm which may increase its leverage in the near future.

The securities were not designed to be "bullet proof." That is, in the event of an ADT bankruptcy, investors' rights to the BAA shares are not iron-clad. While this has not been a problem for most other exchangeable preference shares except a series issued by Bond Corp into Allied Lyons shares, dealers said investors wanted additional comfort from ADT.

Meanwhile, dealers said that the BAA shares lacked appeal. After all, the BAA shares had been bid up in price partly on speculation that ADT would make a bid for the firm. With ADT putting half its 9 per cent stake in the market, some of the speculative nature of the BAA stock has disappeared.

Barclays de Zoete Wedd reopened a Eurosterling issue for British Telecom, targeted mainly towards investors in Japan. Daiwa Securities was a senior co-manager and the issue was mainly preplaced. The latest £100m tranche brings the size of the issue to £400m.

Samuel Montagu said yesterday it had received an unusually high level of acceptances for a buy-back of bonds it organised for the Rank Organisation.

Of the £50m of bonds, carrying a 10⅝ per cent coupon and maturing in 2008, acceptances were received of up to £49.34m.

In Switzerland a long-awaited public issue for the World Bank emerged. The SFr100m issue, lead managed by Union Bank of Switzerland, began quietly but gained support and traded well within fees.

The 7½ per cent coupon on the non-callable 10-year issue was viewed as attractive, although the above-par issue price – even after fees of 2 per cent have been subtracted – put off some investors.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
British Telecom(b)◆	100	13¾	99.45	1993	1⅜/1⅛	BZW
ADT Ltd.(c)§◆	75	8	100	2005	2½/1½	CSFB
US DOLLARS						
EIB(d)‡◆	53.75	(d)	100	2008	45bp	Morgan Stanley Int.
SWISS FRANCS						
World Bank(a)◆	100	7½	102	2000	2	UBS

‡Floating rate notes. §Convertible. ◆Final terms. a) Non-callable. b) Fungible with earlier tranches bringing total size to £400m. c) Issue amount reduced from £100m. Redeemable preference shares. Exchangeable bond into ordinary shares of BAA Plc. Put July 1995 to yield 75bp over 12% 1995 gilt. Option to pay investor cash equivalent of market value of BAA shares. d) Coupon pays 6-month Libor flat. Average life 16.6 years. Call from March 2000 at 100.

Strong dollar and weak oil prices lift US Treasuries

By Janet Bush in New York and Deborah Hargreaves in London

US Treasury bonds registered modest gains yesterday despite the weak results of Tuesday's Resolution Funding Corp auction, largely because of strength in the dollar and weak oil prices.

During the afternoon, prices had come off their highs despite a reasonable seven-year note auction, partly as crude oil futures rebounded. In late trading the Treasury's benchmark long bond was quoted ⅛ point higher to yield 8.57 per cent, having stood around ⅛ point higher at midsession.

The dollar provided background support although it came off its early highs to be quoted at Y157.8 in late trading. Earlier it had peaked at Y158.60, rebounding from a bout of co-ordinated central bank intervention to support the yen. May crude oil futures, meanwhile, plunged $1.48 a barrel at one point, an almost unprecedented decline, before recovering. In afternoon trading the May contract was quoted 19 cents higher than the previous close.

Bonds had during the morning session been quoted as much as ¾ point higher on unsubstantiated rumours of trouble at a bank. When these could not be confirmed, bonds slipped back a little as attention turned to yesterday afternoon's $7.5bn auction of seven-year Treasury bonds.

The auction received bids totalling $19.44bn and the average yield was 8.62 per cent. These results were roughly as expected and were described as fair to good. This is the second weak 40-year auction and will no doubt prompt some rethinking within the Treasury.

■ THE UK gilts market was in a subdued mood yesterday ahead of today's release of retail price index figures and in the run-up to the Easter weekend. Volume was thin and the futures contract traded in a very narrow range as cash gilts were marked down by about ¼ of a point.

The benchmark 11¾ per cent 2003/07 bond was off ⅛ at the close of trading at 97¾ with a yield of 12.04 per cent. The market remains depressed by the prospects for UK inflation and is predicting an annual rise in the RPI of close to 8 per cent, although April's index is considered a more important indicator.

■ THE West German market was squeezed up yesterday as buyers materialised who believed the market had hit a technical bottom. At the fixing, the 7¾ per cent 2000 bund was pushed up by 35 pfennigs to 94.25 from 93.97 and yesterday's yield was 8.63 per cent.

■ THE French bond market was slightly firmer yesterday with much of the interest focused at the longer end of the yield curve as some investors were buying 30-year bonds. However, the market remains extremely quiet.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-30	+01/21	13.34	13.18	13.43
		10.500	5/99	89-07	-06/32	12.52	12.28	12.40
		9.000	10/08	81-09	-01/32	11.45	11.28	11.32
US TREASURY *		8.500	02/00	99-07	-08/32	8.62	8.64	8.65
		8.500	02/20	99-05	-13/32	8.58	8.60	8.63
JAPAN	No 119	4.800	6/99	85.2432	-0.212	7.30	7.24	7.24
	No 2	5.700	3/07	88.2804	+0.001	7.24	7.25	6.91
GERMANY		7.750	02/00	94.3000	+0.500	8.62	8.42	8.92
FRANCE	BTAN	9.000	02/95	96.2235	+0.109	10.00	10.09	10.64
	OAT	8.500	03/00	92.8900	+0.200	9.84	9.55	10.14
CANADA *		9.750	05/00	87.0000	+0.650	11.52	11.22	10.91
NETHERLANDS		7.750	01/00	92.5600	+0.610	8.91	8.68	9.14
AUSTRALIA		12.000	7/99	92.5664	+0.248	13.41	13.63	13.42

London closing. *denotes New York closing
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Apr 11 1990 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1990 to date	Tue Apr 10 Index No.	Mon Apr 9 Index No.	Fri Apr 6 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (201)	840.97	-0.2	13.88	5.36	8.77	10.96	842.97	847.47	845.45	920.76
2	Building Materials (27)	1023.70	-0.4	15.56	5.71	7.99	5.50	1027.81	1041.43	1036.49	1175.84
3	Contracting, Construction (37)	1350.55	-0.4	18.23	6.09	7.16	16.02	1355.78	1375.45	1381.93	1673.00
4	Electricals (10)	2379.40	-0.8	12.28	5.63	10.06	39.14	2398.16	2422.84	2454.43	2682.39
5	Electronics (29)	1768.93	+0.2	10.23	4.19	12.67	17.31	1765.05	1771.65	1766.74	2070.20
6	Engineering-Aerospace (8)	437.26	-0.4	15.30	5.28	8.04	7.69	439.17	436.40	431.58	0.00
7	Engineering-General (43)	462.67	......	12.27	5.39	9.82	7.42	462.72	464.80	465.81	0.00
8	Metals and Metal Forming (6)	481.72	+0.8	24.43	6.47	4.62	0.53	477.70	478.93	479.14	530.42
9	Motors (16)	344.00	-0.3	15.39	6.55	7.61	8.43	345.08	347.50	348.78	303.76
10	Other Industrial Materials (25)	1548.45	-0.6	11.57	5.13	10.07	28.02	1557.27	1558.00	1546.36	1511.43
21	CONSUMER GROUP (176)	1204.23	+0.1	9.89	4.08	12.61	9.21	1203.09	1208.23	1210.25	1156.50
22	Brewers and Distillers (21)	1394.57	-0.5	10.40	3.95	11.87	12.53	1401.23	1400.64	1410.91	1247.14
25	Food Manufacturing (20)	1052.25	+0.4	10.55	4.47	11.79	14.80	1048.31	1055.43	1058.46	1004.44
26	Food Retailing (16)	2245.72	+0.5	9.25	3.41	14.01	7.94	2234.80	2241.72	2221.20	2006.71
27	Health and Household (12)	2525.36	+0.1	7.16	2.75	16.67	17.07	2523.78	2516.53	2522.92	2259.51
29	Leisure (31)	1353.72	+0.1	10.58	4.51	11.66	9.24	1352.22	1363.40	1361.84	1557.75
31	Packaging & Paper (13)	565.62	+0.2	12.80	5.74	9.70	10.38	564.68	565.64	573.65	562.88
32	Publishing & Printing (16)	3207.64	+0.1	10.55	5.59	12.01	37.24	3205.44	3238.89	3252.89	3550.90
34	Stores (35)	730.03	+0.3	12.01	5.02	10.74	1.89	728.04	739.15	738.89	739.57
35	Textiles (12)	487.00	......	13.72	7.31	9.18	0.59	487.07	488.81	489.95	506.93
40	OTHER GROUPS (105)	1120.60	......	11.14	5.10	10.75	8.58	1121.07	1128.95	1122.48	1047.04
41	Agencies (17)	1603.39	+0.3	5.65	2.41	21.81	12.33	1598.67	1601.56	1597.22	1279.52
42	Chemicals (23)	1187.81	-0.3	11.97	5.55	9.77	23.59	1191.11	1191.42	1186.34	1183.89
43	Conglomerates (14)	1577.35	-0.2	10.26	6.20	11.55	8.69	1580.20	1596.46	1594.90	1475.89
44	Transport (13)	2158.59	+0.2	11.26	4.61	11.28	25.71	2155.27	2167.60	2181.49	2328.87
46	Telephone Networks (2)	1110.24	+0.6	11.44	4.62	11.37	0.00	1103.12	1110.44	1093.70	1097.09
47	Water (10)	1865.39	-0.8	18.68	7.26	5.93	0.00	1880.50	1886.02	1887.74	0.00
48	Miscellaneous (26)	1787.36	-0.5	10.56	4.80	10.60	18.48	1797.23	1824.13	1803.66	1441.70
49	INDUSTRIAL GROUP (482)	1100.64	......	11.26	4.72	10.85	9.88	1100.98	1106.93	1105.07	1085.18
51	Oil & Gas (18)	2235.21	-0.7	11.11	5.40	11.87	35.53	2251.62	2264.28	2247.26	1931.85
59	500 SHARE INDEX (500)	1195.32	-0.1	11.24	4.81	10.98	11.91	1196.87	1203.38	1200.35	1157.20
61	FINANCIAL GROUP (111)	800.38	+0.1	–	5.66	–	17.48	799.41	801.82	803.82	722.54
62	Banks (9)	864.15	-0.4	19.35	6.18	6.73	24.14	867.50	870.30	869.10	707.36
65	Insurance (Life) (7)	1278.94	+0.4	–	5.74	–	34.46	1273.48	1283.66	1306.21	1036.96
66	Insurance (Composite) (7)	645.17	+0.4	–	6.41	–	19.43	642.50	642.86	656.48	580.45
67	Insurance (Brokers) (7)	1039.74	+0.1	7.89	6.26	16.84	26.30	1038.94	1035.17	1031.71	924.62
68	Merchant Banks (7)	454.84	......	–	4.20	–	4.85	454.84	457.33	457.65	326.51
69	Property (49)	1165.78	+0.7	7.88	3.78	16.11	5.62	1157.11	1158.98	1144.54	1292.03
70	Other Financial (25)	313.98	+0.1	14.00	7.09	9.45	4.09	313.67	315.46	316.54	361.27
71	Investment Trusts (67)	1138.02	+0.6	–	3.32	–	8.95	1131.55	1138.33	1133.00	1082.32
91	Overseas Traders (5)	1318.62	-0.9	10.02	6.92	12.04	42.87	1330.35	1340.25	1351.61	1363.80
99	ALL-SHARE INDEX (683)	1098.61	-0.1	–	4.91	–	13.04	1099.42	1105.03	1103.10	1051.87

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 10	Apr 9	Apr 6	Apr 5	Apr 4	Year ago
FT-SE 100 SHARE INDEX‡	2215.5	-2.0	2219.9	2211.9	2217.5	2227.7	2221.1	2239.5	2231.6	2033.0

FIXED INTEREST

	PRICE INDICES	Wed Apr 11	Day's change %	Tue Apr 10	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	112.86	+0.07	112.78	–	3.93
2	5-15 years	117.75	+0.05	117.79	0.09	3.47
3	Over 15 years	120.25	+0.20	120.01	–	4.16
4	Irredeemables	139.66	-0.11	139.82	–	1.51
5	All stocks	118.02	+0.07	117.98	0.04	3.76
	Index-Linked					
6	Up to 5 years	141.06	-0.11	141.21	–	1.49
7	Over 5 years	133.19	-0.20	133.46	–	1.05
8	All stocks	133.67	-0.19	133.93	–	1.09
9	Debentures & Loans	95.87	......	95.88	–	3.12
10	Preference	74.40	+0.16	74.27	–	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Wed Apr 11	Tue Apr 10	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	11.75	11.76	9.77
2		15 years	11.33	11.36	9.31
3		25 years	11.21	11.23	9.16
4	Medium Coupons	5 years	12.90	12.90	10.87
5		15 years	11.79	11.80	9.78
6		25 years	11.36	11.38	9.34
7	High Coupons	5 years	13.01	13.02	10.98
8		15 years	12.09	12.09	10.00
9		25 years	11.62	11.62	9.52
10	Irredeemables	†	11.21	11.19	9.21
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.54	4.49	3.63
12	Inflation rate 5%	Over 5 yrs.	4.12	4.11	3.59
13	Inflation rate 10%	Up to 5 yrs.	3.60	3.55	2.76
14	Inflation rate 10%	Over 5 yrs.	3.95	3.94	3.43
15	Debs & Loans	5 years	13.70	16.09	12.56
16		15 years	13.70	14.24	11.82
17		25 years	13.70	13.58	11.19
18	Preference	†	12.43	12.45	10.12

‡Opening index 2217.9; 9 am 2216.3; 10 am 2216.1; 11 am 2216.4; Noon 2212.3; 1 pm 2212.2; 2 pm 2212.4; 3 pm 2215.6; 4 pm 2215.6; 4.10 pm 2215.8; (a) 8.47am (b) 1.13pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	43	27	28
Corporations, Dominion and Foreign Bonds	8	3	17
Industrials	277	361	952
Financial and Properties	170	118	438
Oils	14	39	38
Plantations	2	0	8
Mines	9	72	76
Others	37	106	110
Totals	560	726	1,667

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am't Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	–	128	116	ABI Leisure 10p	116	-2	R4.7	3.3	5.4	7.6
§14	F.P.	–	17½	15	‡ADG Group 5p	17		b0.5	3.7	3.9	5.7
–	F.P.	–	206	200	Argos 10p	203	+1	L5.5	3.0	3.6	9.9
–	F.P.	–	266	251	Courtaulds Textiles	259		W11.6	2.4	6.0	8.9
–	F.P.	–	4¼	¼	Courtwell Group Wrrnts.	¼		–	–	–	–
‡	F.P.	–	148	132	F & C Germany Inv. Tst.	133		–	–	–	–
–	F.P.	–	64	56	Do. Warrants	56	-2	–	–	–	–
§100	F.P.	–	99	88	First Ireland Inv. 10p	90		–	–	–	–
–	F.P.	–	32	26	Do. Warrants	28		–	–	–	–
–	F.P.	–	46	36	First Philipne. Inv. Tst.	36	-2	–	–	–	–
–	F.P.	–	22	12	Do. Warrants	15	+1	–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrrts.	9		–	–	–	–
100	F.P.	–	94	92	Henderson Highland Tst	92		K5.25	–	7.6	–
–	F.P.	–	28	25	Do. Warrants	25		–	–	–	–
§100	F.P.	–	£66	£63	Hungarian Investment 1c	£64		–	–	–	–
§100	F.P.	–	108	106	QS Hldgs. 10p	108		L3.75	2.1	4.6	11.9
§100	F.P.	–	99	95	Siam Select. Growth Tst	98	-1	–	–	–	–
–	F.P.	–	33	30	Do. Warrants	33		–	–	–	–
§§10.5	F.P.	–	641	565	South East Asian Wrrts 1c	580	+15	–	–	–	–
§155	F.P.	–	158	151	Torday & Carlisle 5p	151		L6.25	2.1	5.5	8.2
8½	F.P.	–	9	9	Venturi Inv Tst Geared 1p	9		–	–	–	–
34	F.P.	–	34	34	Do. Inc. 10p	34		K3.06	–	12.0	–
166½	F.P.	–	170	165	Do. Cap. Indexed 10p	170		–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	Nil	-	1pm	½pm	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	⅝pm	
-	F.P.	-	85p	10p	Courtwell Group 10¾pc (Net) Cv.Cm.Pf	10p	-1
§100p	Nil	-	1¼pm	¾pm	Owners Abroad 9.75p (Net) Cv Pf 10p	¾pm	
100p	25p	-	31pm	26pm	Reckitt & Colman 9.5pc Cv Bds 2005	31pm	
150p	Nil	-	12pm	6pm	T & N Non-Int. Brg. Uns. Ln.	6pm	-2
100p	F.P.	-	100p	96p	Wyndham Group 9.375pc Cm. Pf	100p	
-	F.P.	-	55p	40p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	45p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
5	Nil	15/5	6pm	¼pm	Alphameric 5p	1pm	-½
265	Nil	–	51pm	42pm	Cairn Energy	42pm	-1
480	Nil	10/5	44pm	41pm	‡Castle Comms 5p	44pm	
400	Nil	–	45pm	40pm	‡Cranphorn 50p	40pm	-5
1	Nil	24/4	4pm	1½pm	‡Craton Lodge & Knight	2pm	+½
30	Nil	–	1½pm	1pm	Kingsgrange 10p	1½pm	
80	Nil	10/5	11pm	5pm	Life Sciences Intl 10p	8pm	-1
40	Nil	–	¼pm	¼pm	‡March Group 5p	¼pm	
104	Nil	–	13pm	11pm	Nestor-BNA 10p	11pm	-1
200	Nil	–	23pm	21pm	Pickwick	23pm	
285	Nil	11/5	77pm	50pm	Simon Engineering	65pm	-2
150	Nil	10/5	16pm	11pm	Staveley Industries	15pm	
633	Nil	27/4	95pm	83pm	Templeton Emrg. Mkts. Uts.	83pm	-5
25½	Nil	10/5	11pm	2½pm	Waterford Wedgwood Units	3pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. * Third Market.

TRADITIONAL OPTIONS

- First Dealings April 2
- Last Dealings April 12
- Last Declarations July 5
- For settlement July 16

For rate indications see end of London Share Service

Calls in Burmin Expl., Coloroll, Kwik-Fit, Next, Oliver Res., Hawthorn Leslie, Saatchi & Saatchi, Spong and S & U Stores. Put and call in Tuskar Res.

LONDON TRADED OPTIONS

TRADING was quiet yesterday in futures and options as the market began to wind down before the Easter holiday. Total options volume stood at 16,855 contracts, compared with 35,182 in the previous session. Yesterday's total was divided up between 10,260 calls and 6,595 puts.

In the futures market, dealing was also subdued, with just 2,658 June FT-SE 100 index contracts changing hands, versus 4,076 the previous day.

Much of the day's business in futures took place in the morning, as one dealer attempted to sell 1,000 contracts. This prompted the premium of the futures over the cash index to narrow and dragged the underlying market into negative territory. A US house, said to be Goldman Sachs, was also a seller.

Towards the opening on Wall Street, prices weakened again, on concern that US equities would come under pressure. But in the event, New York shares made small gains, and London moved off its lows. The June contract's differential with the cash index at the close stood at just under 16 points, compared with Barclays de Zoete Wedd's estimate of a fair value premium of 43 points. The futures markets' discount to fair value reflected unease at the current level of UK equities. The June footsie index closed at 2,232, unchanged on the day.

On the FT-SE options pitch, dealing was also subdued, with total footsie turnover just 3,389 lots, against 14,660 on Tuesday. Yesterday's total was made up of 1,384 calls and 2,005 puts. The busiest series was the May 2,100 puts, which traded 592 lots.

Among the stock options, Rolls-Royce was again the busiest, despite lower equity turnover. Its shares weakened on profit taking and as stock overhang the market. Rolls-Royce traded a total of 2,443 lots, a large portion of which was inter-marketmaker. Dealers noted the September 180 and 200 calls were among the most popular.

Amstrad also featured as James Capel sold 1,000 September 80 calls at 5 and 5½p. Amstrad volume stood at 1,169 lots, of which 1,076 were calls and 93 were puts.

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*430)	420	15	28	44	5½	17	21
	460	2	13	26	32	44	45
	500	¼	6	14	72	82	82
ASDA (*101)	100	5	11	13	4	6	9
	110	1	6	8½	10	12	14
	120	½	3½	5	20	20	22
Brit. Airways (*205)	180	26	28	33	1	4	6
	200	8	13½	19½	3	11	12
	220	1	5½	11	16	24	26
Brit Corn (*57)	50	9	12	15	1½	3	7
	60	2	8	9	7	11	13
SmKl Beecham A (*498)	460	40	55	70	2	8	12
	500	9	30	45	12	22	28
	550	1	11	25	56	55	57
Boots (*254)	240	16	25	30	1	6	9
	260	3	12½	20	88	16	18
	280	1	4½	12	27	32	33
B.P. (*315)	300	16	25	33	1½	6½	8½
	330	1½	11	17	16	21	22
	360	1	3½	8½	46	46	47
British Steel (*143)	140	–	8½	10½	–	6½	8½
	145	2	–	–	3½	–	–
Bass (*947)	900	52	85	122	3	16	21
	950	16	54	85	18	35	42
C & Wire (*516)	500	22	45	64	7	20	25
	550	3	20	38	37	48	52
Courtaulds (*313)	297	19	27	35	1½	10	12
	327	2	11	20	17	27	29
	357	1	4	–	47	52	–
Com. Union (*469)	420	50	68	75	1	5	9
	460	14	36	48	7	14	22
	500	1½	16	28	33	34	40
GKN (*412)	390	22	44	55	3	10	18
	420	4	26	37	13	22	23
Grand Met. (*577)	550	30	59	75	2½	13	20
	600	5	27	47	28	33	40
I.C.I. (*1094)	1050	52	94	115	5	19	30
	1100	16	62	85	22	35	52
	1150	4	37	60	62	67	77
Kingfisher (*285)	260	26	31	37	1	7	9
	280	11	17	25	5	16	18
	300	2½	7½	16	18	27	31
Ladbroke (*288)	280	11	22	34	4	12	14
	300	3	12	23	15	21	24
Land Secur (*508)	500	14	32	48	6	20	25
	550	1½	11	24	45	55	57
M & S (*200)	200	3½	10	17	4	10	11
	220	1	3½	8	21	25	26
STC (*256)	240	20	34	43	3	8	15
	260	7	21	32	10	19	24
Sainsbury (*254)	240	14	21	28	1½	5½	7
	260	2½	9	16	11	14	15
Shell Trans. (*445)	420	28	48	58	2	8	11
	460	4	22	33	18	23	27
Storehouse (*114)	110	7	11	14	3½	6½	8
	120	2	6	10	7	12	14
Trafalgar (*317)	300	20	30	42	2	10	13
	330	6	14	26	14	25	30

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Utd. Biscuits (*322)	300	24	38	46	2	5½	9
	330	4½	20	29	13	19	21
Unilever (*650)	600	52	78	100	2	4½	7½
	650	9¼	40¼	63½	9¼	18	22½
Ultramar (*353)	330	25	43	55	3	8	12
	360	6	25	35	13	20	25

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*521)	500	38	60	72	12	18	27
	550	13	32	47	38	45	50
BAA (*382)	360	30	39	53	5	10	13
	390	9	21	36	15	24	26
BAT Inds (*735)	709	42	74	98	9	15	21
	759	14	43	65	32	38	43
BTR (*414)	390	34	48	56	3½	6	13
	420	13	28	37	15	20	25
Brit. Telecom (*266)	260	14	22	27	4	10½	11½
	280	4	4½	10½	35	36	37
Cadbury Sch (*329)	300	33	46	54	3½	8	10
	330	12	27	36	15	19	22
Guinness (*645)	600	57	80	98	4	10	14
	650	23	48	65	21	28	33
GEC (*194)	180	17½	24	27	2	4½	6½
	200	5½	10½	15	9	14	16
Hanson (*230)	220	15	21	29	2	6	7
	240	4¼	10	18	12	15½	15½
LASMO (*591)	550	52	78	97	6	13	18
	600	8	23	40	62	63	63
P. & O. (*575)	550	41	64¼	75¼	5½	10¾	17¼
	600	11¼	33½	44¼	29	34	38¾
Pilkington (*207)	200	15	19	25	3½	8½	11
	220	4	8½	14	15	21	23
Polly Peck (*400)	390	22½	37½	53¼	12	20¾	25¼
	420	7	23	38¾	32¼	38¼	42¼
Prudential (*198)	180	22	28	32	2	5	7
	200	8	16	21	9	11	13
Racal (*191)	180	17	24	31	3½	8	10
	200	6	13½	21	13	18	20
R.T.Z. (*545)	500	53	75	88	3	8	12
	550	18	42	56	20	24	32
Scot. & New (*294)	280	22	32	38	4½	10	14
	300	11	18	27	17	22	24
Tesco (*201)	200	6¼	14½	19¼	6¼	9	10¼
	220	1¼	5¼	10¼	23¼	23¼	24¼
Thames Water (*134)	130	9	14	16	4	9	10
	140	4½	8	11	9	15	15
Water Hldg Prg (*1418)	1400	70	–	–	30	–	–
	1450	50	90	120	70	130	140

Option		Calls May	Calls Jul	Puts May	Puts Jul
Ferranti (*45)	40	6½	8½	– 1	2½ –
	45	3½	5¼	– 3½	5 –

Option		Calls Apr	Calls Jun	Calls Aug	Puts Apr	Puts Jun	Puts Aug
Reuters (*1139)	1100	49	93¼	119	9¼	28½	41¼
	1150	19¼	63	91	31	50¼	63

Option		Calls Jun	Calls Sep	Calls Dec	Puts Jun	Puts Sep	Puts Dec
Abbey Nat. (*191)	180	19	25	29	4	7	8
	200	6	13	18	12	16	18
Amstrad (*72)	70	7	11	14	4½	7	8½
	80	3½	6½	9½	11	12½	14
Barclays (*574)	550	45	58	73	10	17	17
	600	14	29	45	30	38	38
Blue Circle (*216)	200	18	26	32	6	9	11
	220	7	14	19	17	18	21
British Gas (*208)	200	15	18	25	3½	7	8½
	220	5	8½	14	13	19	20
Dixons (*116)	110	13	17	21	4	7½	9
	120	7½	11	15	9½	13	16
Glaxo (*790)	775	50	–	–	22	–	–
	800	37	67	80	33	40	50
Hawker Sidd. (*602)	600	38	63	75	30	47	55
	650	15	42	50	63	85	90
Hillsdown (*228)	220	15	24	32	6	10	12
	240	6	13	18	18	20	23
Lonrho (*259)	240	29	–	–	4	–	–
	260	16	21	32	12	15	15
Midland Bk (*332)	330	23	30	43	11	16	21
	360	9	18	27	31	31	35
R. Royce (*189)	180	16½	25	29	4	6½	9
	200	5½	13	17½	14	16	17
Sears (*92)	90	6½	9	12	5½	6½	7½
	100	2½	6	7	13	14	16
THF (*260)	240	22	33	37	4½	8	10½
	260	9½	22	27	13	18	20
Thorn EMI (*655)	650	37	47	60	19	37	42
	700	15	24	37	50	70	72
TSB (*134)	130	12	14	18	3	6	7
	140	5	10	13	8	11	20
Vaal Reefs (*$92)	90	10	14	16	6	9	10
	100	6	10	12	12	15	17
Wellcome (*705)	700	52	80	105	34	42	50
	750	27	57	80	64	70	75

EURO FT-SE INDEX (*2216)

	2125	2175	2225	2275	2325	2375	2425	2475
CALLS								
Jun	140	108	75	54	37	26	17	11
Sep	190	–	130	–	82	–	50	–
Dec	235	–	172	–	120	–	83	–
Mar	270	–	218	–	165	–	120	–
PUTS								
Jun	38	53	70	98	129	165	205	247
Sep	55	–	88	–	137	–	199	–
Dec	65	–	95	–	137	–	192	–
Mar	80	–	103	–	140	–	187	–

FT-SE INDEX (*2216)

	2150	2200	2250	2300	2350	2400	2450	2500
CALLS								
Apr	79	42	18	7	3	1	½	½
May	103	71	45	29	16	9	5	3
Jun	123	92	66	46	32	20	13	8
Jul	143	111	83	63	45	32	23	15
Dec †	–	188	–	132	–	90	–	57
PUTS								
Apr	13	28	58	100	146	193	243	293
May	33	52	78	112	152	196	245	295
Jun	45	63	88	130	158	203	248	297
Jul	54	74	99	129	165	205	249	298
Dec †	–	92	–	143	–	217	–	303

April 11 Total Contracts 16,855
Calls 10,260 Puts 6,595
FT-SE Index Calls 1,384 Puts 2,005
Euro FT-SE Calls 98 Puts 372
*Underlying security price. † Long dated expiry months

Tesco at top end of City forecasts with 31% rise

By Clare Pearson

TESCO, the first of the big four supermarket chains to report results for last year, yesterday got the season off to a flying start with the announcement of a 31 per cent rise in pre-tax profits to £361.6m in the 12 months to February 24.

The result was at the upper end of City expectations. The shares closed unchanged at 201p.

A £7.4m improvement in net interest received was a significant factor behind the profits rise, as was a £35m (£10.7m) surplus on sale of properties. Excluding property, pre-tax profits were 23 per cent ahead. Turnover excluding VAT rose 14.5 per cent to £5.4bn (£4.72bn).

Sir Ian MacLaurin, chairman, said there were still no signs in the current year of higher UK interest rates having any adverse effects on Tesco's business. "There is every indication that food and allied products are almost bullet-proof in this context," he said.

Excluding the property surplus, fully diluted earnings per share increased by 22 per cent to 13.76p (11.32p). The proposed final dividend is a higher 2.89p, making a total for the year of 4.3p (3.5p).

Volume in existing stores rose by 3 per cent while there was a 6 per cent sales gain from net new space. Extra volume and the higher margins obtained in the newer, larger stores helped lift the group's net margin, excluding property profits, from 5.9 per cent to 6.4 per cent.

Superstores, which now account for 57 per cent of the total space, achieved 12.5 per cent sales growth on a like-for-like basis.

Tesco is now accelerating its store development programme, planning to add a further 1m sq ft this year and a similar amount in the following two years. In 1989-90, it spent £651m mainly on opening 22 such stores. There was a 787,000 sq ft addition to sales space.

Sales per employee increased by 6 per cent in real terms during the year. This was boosted by additional volume and increased efficiencies stemming from installation of EPOS systems and development of distribution systems.

Sir Ian said he was confident that further productivity improvements would prevent the above-inflation wage increase recently offered to unions from having any adverse effect on the company's performance. Tesco last month said it was offering staff a basic rise of 10 per cent.

Hot weather helped Tesco achieve very good sales of fresh fruit and vegetables and soft drinks during the summer. But strong trading had continued into the autumn with the Christmas period particularly good.

A sale and leaseback deal with Land & Property Investment Trust, a private property investment company, provided £25m of the property profits.

See Lex

Tie Rack dives to £1.76m

By Jane Fuller

TIE RACK's pre-tax profit was dragged down from £3.12m to £1.76m last year by losses in the US and a series of difficulties in the UK.

The 44 per cent drop in taxable profit for the year to January 28 came on turnover 31 per cent up at £58.61m.

A decline of less than £600,000 at the operating profit level was aggravated by quadrupled interest costs of £1.99m. Some redemption came from a £430,000 property sale and the turnround of Tie Rack's French associate.

The number of shops grew from 211 to 247 in nine countries.

Mr Roy Bishko, chairman, said the company was experiencing growing pains.

In the US, which grew to 42 shops and £10.1m of turnover, start-up costs, trading losses and high overheads had added up to a deficit of £1.2m. Mr Nigel McGinley, finance director, said that was likely to be reduced by at least 40 per cent this year and, hopefully, the operation would break even next year.

So far none of the US shops had been franchised, whereas in the UK 80 per cent of them were. The delay in franchising was because of the need to establish reliable support systems.

The other eight countries in which Tie Rack trades had produced a profit. But the UK, which has 135 (125) shops, had seen operating profit fall by 11 per cent while sales rose 12 per cent to 36.4m.


Tony Andrews

Roy Bishkow: the company is experiencing growing pains

The rest of Europe (33 shops), Canada (33) and Australia (14) had increased their contribution. Without the US, the operating profit margin was between 9 and 10 per cent.

Borrowings rose to £8.1m, gearing of 46 per cent. Capital spending, however, fell from £9.7m in 1988 to £3.8m and would be less than £2m this year.

With the tax rate at 51 per cent earnings per share fell to 2.42p (5.53p).

The final dividend is cut to 0.285p to make a total of 0.75p (1.33p).

● COMMENT

Following the disaster stories of some other niche retailers, such as Sock Shop, there was a sigh of relief at these unsurprising figures. After breakneck expansion, the company is wisely reining in capital spending and shop openings. Although worries remain about the US, there are signs of progress at the operating level. Meanwhile, a further profit fall in the UK is likely to detract from growth elsewhere. Forecasts for the current year are in the £1.1m to £1.5m range. Although a recovery is expected next year, a prospective multiple of between 12 and 17.5 means the share price – 35p yesterday – is likely to languish for some months yet.

Bentalls to make cuts after profits fall by £1m to £3.86m

By Jane Fuller

BENTALLS, which has six department stores in the south-east, saw pre-tax profit fall by nearly £1m to £3.86m in the year to January 27.

Sales were down by nearly 4 per cent to £71.85m as the company set about cuts that included redundancies and stock reduction.

The share price shed 12p yesterday to close at 141p.

Mr Edward Bentall, chairman, said he was particularly concerned about the uniform business rate, which would add £300,000 to the previous rates bill. The company was appealing against all its assessments.

Mr Grenville Peacock, managing director (department stores) said turnover related to housing had been hardest hit by the squeeze on consumer spending.

Household and furnishing departments, which account for 43 per cent of sales, suffered a decline of more than 7 per cent.

Demand for women's clothing was 4 per cent down, but menswear and children's ranges had held their own.

Conditions were likely to remain tough this year. He estimated sales would be 5 per cent down.

The company is involved in a big shoping development in Kingston-upon-Thames, the home of its original store which has 270,000 sq ft of selling space.

Its partner, Norwich Union, is spending £160m on the scheme which will comprise 100 shops and restaurants by the end of 1992.

Mr John Ryan, managing director of finance and property, said Bentalls would be moving to its new head office in May and to its new Kingston store in July, after which all but the façade of the old building would be demolished for redevelopment.

Fitting out the new store was costing £13m and the company's borrowings, which were negligible at the year end, could rise to £12m. This would be capitalised and written off against rental income – about £2.5m a year for its *24 per cent share, starting in* 1992.

Bentalls is having its property revalued this year for the first time since 1965, when the figure put on the portfolio was £14m.

Mr Ryan said after this he expected the net assets per share at least to match the current share price.

Earnings per share fell to 5.59p (7.24p). A final dividend of 3.25p makes a total of 3.85p (3.5p).

Apricot concentrates on its core

Alan Cane looks at its decision to abandon hardware manufacture

WAS IT simply coincidence that had Sir John Harvey-Jones, BBC 2's "Troubleshooter", on television on Tuesday night telling Apricot Computers to cut away its unprofitable manufacturing operations no matter how painful the prospect?

Yesterday's announcement that Apricot has agreed to sell its computer hardware division to Mitsubishi Electric of Japan for £39m followed the programme so quickly that it seemed the former wizard of Imperial Chemical Industries had been performing corporate *legerdemain* behind the scenes.

"It was a total coincidence, but who will believe that?" said a happy and relieved Mr Roger Foster, Apricot chairman and chief executive, yesterday.

Apricot has, in fact, been looking for a solution to the problem of its hardware division – which had sales last year of £70.76m but profits before group charges of only £2.49m – for four years.

After taking group charges into account, the division made no contribution to the company's profits last year and was not expected to do so this year.

Apricot's difficulties in turning a profit on hardware illustrate the hazards of competing in the top end of the personal computer sector where research and development costs are high, profit margins are slim and competition intense.

Only companies with substantial economies of scale in manufacturing and broadly based marketing outlets (channels) can hope to remain profitable.

The labour content in Apricot's machines is about 5 per cent, the content sourced outside the group, 80 per cent, leaving it little scope for cost-cutting.

Mr Foster believes that, in the UK, only companies making very specialised hardware for niche markets can hope for success. "Today a personal computer company must sell at least 1m units a year to trade profitably," he said. "In the 1990s, the volume will rise to between 2m and 5m units a year. We were selling 40,000 units."

The paradox is that Apricot has a substantial reputation for the quality of its technology.

While it is a hard thing to value, the audited net asset value of its hardware division is £16.4m, implying that Mitsubishi is prepared to pay a further £22.6m not only to extend its influence in Europe but to gain access to Apricot's expertise.

In particular it is interested in the work Apricot has put into developing what are called MicroChannel Architecture (MCA) computers, which follow a design pioneered by International Business Machines, the world's leading personal computer manufacturer.

Apricot believed that the MCA design would prevail at a time when most computer manufacturers were doubtful that it would eventually become an industry standard. The company spent heavily to develop MCA-compatible machines, "and IBM does not give you any help", Mr Foster said wryly at the time.

It seems that once the Japanese realised what Apricot had achieved, they were quick to take the initiative. The introduction was made through Daiwa Europe (Corporate Services); terms of the deal were sewn up rapidly.

Mitsubishi, while one of Japan's top six computer manufacturers and making a full range of systems, does not have the reputation of a Fujitsu or a Toshiba in data processing. Its principal strengths are in semiconductor technology and manufacturing methods, although it has a well developed distribution network.

Originally a computer bureau and software house known as ACT, Apricot has been involved in hardware manufacture for a decade and Mr Foster has frequently emphasised the importance of ownership of hardware manufacture in Apricot's total offering.

What – Sir John Harvey-Jones' strictures apart – made Mr Foster change his mind?

The turning point for Apricot was the acquisition for £12.7m in October last year of Information Technology (ITL), formerly Computer Technology, the UK's oldest minicomputer company. ITL's real value lay, not in its minicomputers, but in its software and services operations, especially computer maintenance, which were growing and profitable.

The addition of ITL's software and services activities to Apricot's own computing services operations was the purest synergy and resulted in a unit with potential sales of more than £80m a year which could stand on its own feet and grow at about 25 per cent a year.

With critical mass in services achieved, the manufacturing operation could be sold off as long as supplies of computers and parts could be guaranteed. This has been accomplished by a series of broad trading agreements with *Mitsubishi which* should guarantee millions of pounds in reciprocal sales over the years.

They will provide the sheet anchor for the group's future profitability, Mr Foster says, as well as forging a long-term relationship between the two companies where their complementary skills can further be exploited.

Mr Foster says he expects the company – to be known by its old name of ACT Group – to achieve revenues of £100m in the coming year. The new group will have five divisions catering for maintenance, government and defence systems, financial systems, management systems for healthcare and data networking.

ACT, now 25 years old, has come back to its roots in computing services by a long and painful detour through the hardware jungle.

Even if the industrial logic is *irresistible, more than a few* people will regret that yet another UK company has been forced to throw in the manufacturing towel.

French Connection losses soar

SHARES in French Connection, the USM-quoted fashion manufacturer and retailer, fell heavily from 52p to 43p as the company revealed yesterday that it had fallen further into loss, writes John Thornhill.

Pre-tax losses increased from £990,000 to £4.67m in the year to January 31. Sales, however, were only slightly down at £53.31m (£55.06m).

US activities incurred an operating loss of £1.16m while *West Germany lost £750,000* and France £50,000. French Connection has now closed its loss-making businesses in Germany and Newcastle in the UK.

There was an extraordinary profit of £6.93m. This helped increase shareholders' funds to £12.29m and enabled the company to recommend a final dividend of 1.8p bringing the total to 2.7p (5.25p).

Losses per share deepened from 6.9p to 29.7p.

CSI advances to £26.5m

By David Owen

CANNON Street Investments, the industrial holding company, yesterday reported a 29 per cent advance in annual profits in spite of a much increased interest charge and some impact from the reduced level of consumer spending.

This was reflected primarily in a £3.4m extraordinary charge arising from the closure of a hamper packing and distribution business. There was also a much reduced contribution from Betacom, the telecommunications company floated off in November 1988, in which Cannon Street retains a 29.9 per cent stake.

In all, pre-tax profits climbed to £26.5m for the year to December 31, against £20.6m in 1988. Turnover advanced 35.5 per cent to £228.9m (£168.9m).

In the wake of a decision to fund acquisitions from cash resources and existing bank facilities, interest charges advanced to £2.1m, compared with just £200,000 in 1988. Overall borrowing increased to £45m, leaving the company geared at over 130 per cent.

Pursuant to its belief that the current method of valuing investments in subsidiaries leads to a "very serious understatement" of their worth, however, Cannon Street is "taking a leaf out of 3i's book" by providing shareholders with an additional balance sheet showing these investments at an audited valuation.

This shows a total net value of £160m for those investments, compared with the £33m of net tangible assets carried on the consolidated balance sheet.

"Our earnings are so high in relation to assets that to relate a borrowing figure to assets is meaningless", according to Mr Bill Hislop, chairman. He projected that interest cover would be in excess of five times in 1990. "People know that I hate borrowing", he said.

Earnings per share edged ahead to 24.2p (22.6p). A final dividend of 5.5p is recommended, making 8.8p (7.9p).

Molins fires back at Leucadia

Molins, the cigarette machinery group, has fired back at a hostile £76m cash bid from Leucadia National Corporation with ammunition from a bullish circular about the company prepared by the US predator's own broker, writes Andrew Hill.

In its defence document, posted to shareholders yesterday, Molins quotes Olliff & Partners, which recommended clients to buy the UK group's shares in January. On a *long-term view, Olliff said it* believed the shares were worth 485p each.

Leucadia, a New York group with interests in manufacturing and financial services, is offering 252p per share, compared with Molins' unchanged closing price yesterday of 274p.

Leucadia yesterday claimed Molins had failed to address serious issues about the quality of the group's profits.

Molins has been a perennial bid target in the last few years.

Engineering and construction helps offset bad year in housing

Costain tumbles to £55m after provisions

By Andrew Taylor, Construction Correspondent

COSTAIN GROUP, the construction and mining combine, yesterday announced provisions of £20m against its UK housing operations as group pre-tax profits tumbled from £89.2m in 1988 to £55m last year.

The provisions were to cover a write-down of about 15 per cent in the value of the group's housing land – all of which is in southern England, south of Milton Keynes, said Mr Peter Costain, chief executive.

The group's exposure to housebuilding in the south, where the impact of high mortgage rates on house has been greatest, badly dented Costain last year. Housing incurred a loss of £2.6m compared with £25.2m profit the previous year.

Last year's housing profits would have been even worse but for a £3m profits contribution from Costain's Californian housebuilding operations. Overall profits from residential and commercial property sales slumped from £47.7m to £34.3m.

Profits were also deflated by a big rise in interest charges from £9.5m to £22m as group borrowings rose from £120m to £388m, equivalent to 85 per cent of shareholders funds.

The bulk of the increase was due, Mr Costain said, to the purchase for $193m (£124m) of Pyro Energy, a US coal mining company which already operated coal mining joint ventures with Costain.

Mr Costain said the group's intention was to reduce gearing to about 60 per cent by the end of this year. This would mean reducing borrowings, through assets sales, to about £250m-£300m.

The group is currently negotiating to sell its US offshore oil and gas interest; that is expected to raise about £55m to £60m.

Plans to sell part of the group's Riverside property development in Melbourne, Australia, were delayed last year but negotiations to sell one office block and part of the development site are underway.

The group's mining operations had a more difficult time than expected year due to an explosion at the group's newly acquired Pyro coal mine in Kentucky. The accident which halted production cost about £8m in lost profits. Mining profits overall increased from £31.5m to £33.4m after a 10 per cent lift in US coal prices early last summer.

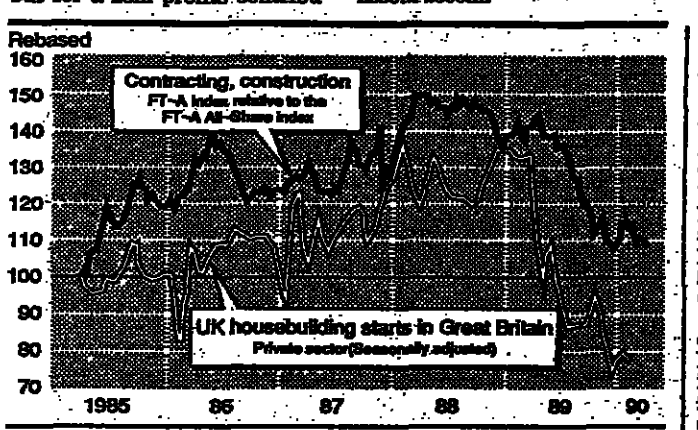
The price increase would benefit mining profits in the current year when they would be available for a full 12 months, said Mr Costain.

The biggest increase in profits was made by the engineering and construction division where they jumped from £19.5m to £29.4m. Costain, like many British building and civil engineering companies, has a record order book which is likely to keep the company fully occupied for the next 12 months.

Beyond that the outlook for general building looks more uncertain although civil engineering order books should remain strong.

Earnings per share after the land write-down fell from 33.5p to 21.5p. The board is recommending a final dividend of 7.5p making 12.25p (11.75p) for the year.

Peter Costain: exposure to housebuilding in the south



AMEC jumps 48% to £91.3m

By Andrew Taylor

PRE-TAX profits of AMEC, the construction, engineering and property group, jumped by 48 per cent in 1989 from £61.6m to £91.3m in spite of substantial provisions made against the group's UK housebuilding operations.

Mr Alan Cockshaw, group chairman, said the company had written down the value of its housing land by between £10m and £15m. The write-downs were all against the group's land holdings in southern England where the decline in house sales has been greatest.

Group profits benefited from the first full-year of earnings from Matthew Hall, which has increased AMEC's existing skills and businesses in mechanical, electrical and offshore engineering. Turnover rose 52 per cent from £1.31bn to £1.99bn.

Profits from mechanical and electrical engineering more than doubled to £28.8m (£14.2m) while building and civil engineering profits did even better, rising from £18m to £38.7m.

Earnings per share, after allowing for the dilution caused by the Matthew Hall acquisition, rose 9 per cent to 52.2p (47.8p). Mr Cockshaw said this was a highly creditable performance in what had been a difficult year for UK construction, particularly housebuilding.

The group's order book rose by 34 per cent last year. This included a large share of the UK's most expensive road contract – the £200m Limehouse Link in London's docklands.

Mr Cockshaw said AMEC's strengths in civil engineering and offshore work, both growing markets, would stand the group in good stead as private investment in residential and commercial development declined in the face of high interest rates.

Housing and commercial property profits fell from £29.4m in 1988 to £23.8m last year. The figures masked an even steeper fall in housing profits. The fall in house sales which hit southern England last year had now spread to the north of the country, said Mr Cockshaw.

He said the group's balance sheet was in good shape to face what would be another difficult year for construction. Debts of only £10.7m were equivalent to just 4 per cent of shareholders funds.

The group's overseas operations would benefit from AMEC's joint venture with Morse Diesel, the large US construction group.

The board recommended a final dividend of 11.75 making 19p (17p) for the year.

Higgs & Hill in line with defence forecast at £27m

By David Owen

HIGGS & Hill, the building and property group which recently fought off a £167m hostile takeover bid from YJ Lovell, has reported annual profit and dividend increments exactly in line with projections contained in its final defence document.

Pre-tax profits - taking account of a £1.2m exceptional charge - edged ahead by 6 per cent to £26.55m (£25.05m) for the year to December 31, in spite of the difficult housing market conditions.

A sharply increased final dividend of 15.6p (8p) is recommended, making a total of 20p (12p). This higher payout coupled with a £2.27m extraordinary charge took their toll on amounts transferred to the group's reserves, however. These were down 45 per cent at £8.61m.

Sir Brian Hill, chairman, said that the group had made no provision against a write-down of housing land values and that none was currently planned for the current year. "A lot of land is held at historic cost value", he explained.

Turnover advanced by more than 22 per cent to £419.1m (£342.9m), with the bulk attributable to the group's construction activities. In profit terms, however, property was the principal contributing division with £12.13m on turnover of £35.8m.

Housing earned £7.06m on £32.6m in sales. In all, house sales totalled 276 units - marginally ahead of forecast but well below the 550 figure achieved in 1988.

The extraordinary charge comprised the £3.4m cost of staving off Lovell, less tax and a surplus on property disposals. The exceptional item comprised a £1.56m profit on the sale of the group's 14.9 per cent stake in Rush & Tompkins, offset by a charge of £2.77m arising from the settlement of certain arbitration proceedings.

Interest payable rose steeply to £2.38m (£853,000), but gearing was somewhat below expectation at 24 per cent.

Looking ahead, Sir Brian said that high interest rates meant that the recovery of the housing market will be delayed but that construction started the year with a record £500m order-book.

He said that the European property market remained strong in contrast to the UK. European activities accounted for close to a quarter of overall property development profits in 1989.

Earnings per share, after exceptionals, advanced 16 per cent to 52.2p (45p).

● COMMENT

Low gearing, a broad range of activities, strong asset backing and now a very healthy yield all help to explain why Higgs & Hill *is* among the most highly regarded stocks in a currently unpopular sector. But while interest rates remain high, housing is set to stay a considerable drag. There is uncertainty too regarding Lovell's intentions for its near 10 per cent stake. All told, with analysts looking for a marginal decline in pre-tax profits to £25.5m, the prospective multiple of 7.8 seems fair.

Hewden Stuart advances 28%

By Andrew Bolger

HEWDEN STUART, Britain's biggest independent plant hire company, countered the prevailing gloom in the the construction industry by announcing a 28 per cent increase in pre-tax profits for the year to January 31 1990.

Sir Matthew Goodwin, chairman of the Glasgow-based group, said he was confident profits would continue to increase moderately in the current year because of the strong cash flow, although he predicted many of the heavily borrowed individual operators in plant hire would go to the wall.

Turnover rose by 13 per cent to £227m. Earnings increased by 28 per cent to 13.46p (10.5p), and a final dividend of 2p makes the total 2.75p (2.2p), a rise of 25 per cent.

Sir Matthew said that from June onwards there had been a weakening of activity in London and the south-east. Nevertheless, the bulk of group business was outside that area and trading in the north of England and Scotland remained very healthy.

Merchandising had been hit by the autumn increase in base rates and went "completely dead" in London. Although it was now showing some signs of recovery, its contribution to pre-tax profits was down from £3.5m to £2.5m.

Strong cash flow had allowed gearing to be reduced to 19 per cent while still funding capital spending of £46m.

Sir Matthew said the group had negligible direct exposure to the troubled housing market, although it did supply contractors working on access roads and other housing-related infrastructure.

The group was moving more towards big industrial projects, such as power stations and chemical plants, where there were a record number of schemes out to tender.

● COMMENT

The relish with which Sir Matthew described the nemesis he believes awaits individual plant hire operators who have geared up to expand their businesses, and are now running "a racehorse, a Mercedes and a mistress on the proceeds," would suggest that the protestant ethic has not yet deserted capitalism. Such *schadenfreude* aside, Hewden Stuart is entitled to feel that its cash flow will enable it to ride out any downturn – and also allow it to take advantage of cheap acquisition opportunities. The shares closed down 3p at 96p which, assuming only a slight increase in profits, puts them on a prospective multiple of just under 7. That seems undemanding, given the strength of management and profits record. The shares look a good bet for the longer term, athough market unease about the sector is likely to limit any immediate advance.

Japanese move by Body Shop

By Clay Harris, Consumer Industries Editor

BODY SHOP International, the natural cosmetics manufacturer and retailer, is moving into Japan through an exclusive marketing agreement with Jusco, the Japanese retailer.

Jusco said in Tokyo it planned to set up 50 franchised outlets within five years and aimed to achieve annual sales of nearly Y4bn (£15m) by the end of that period. It also intends to produce cosmetics in Japan with the aid of Body Shop.

Body Shop said the arrangement with Jusco was identical to the head-franchise agreements it uses in every country except the UK and the US where shops are directly owned. The group has 150 outlets in Britain and 330 in 37 other countries.

The first Japanese shop is scheduled to open on October 23. Body Shop products are not sold in Japan at present.

Jusco, Japan's fourth largest supermarket operator, this week reported pre-tax profits of Y28.1bn on sales of Y922.9bn for the year to February 20.

Kromagraphic loss warning

By Jane Fuller

Kromagraphic, a Third Market computer graphics and photographic reproduction house, has warned of losses for the year to March 31 and called an extraordinary general meeting, which will consider extending its borrowing limit.

Following an interim loss of £190,000 and further losses in the second half, the company said yesterday that its net assets had fallen to less than half the issued nominal share capital of £310,000.

The extraordinary general meeting, in London on May 4, will consider proposals that include approving £1.24m in borrowings, even though it exceeds the limit laid down in the company's articles, and extending the borrowing limit to £1.75m. Mr Jim McNulty, chairman, said the losses, after two years of profit, had been caused by the downturn in the economy, which had affected clients in advertising and marketing. A move of premises had also caused considerable disruption.

The company was considering a recapitalisation.

Aerospace checks Smiths' progress

By Andrew Bolger

SMITHS INDUSTRIES, the aerospace, medical systems and industrial group, yesterday reported a 6.4 per cent increase to £50.1m in pre-tax profits for the six months to February 3.

The outcome included £22.6m (£25m) from aerospace, £10.3m (£8.2m) from medical systems, £8.9m (£7.2m) from the industrial side and £8.3m (£6.6m) in interest.

Smiths said: "The underlying business of each of the three operating groups made good progress, though the results for the aerospace and defence group have been damaged by two industrial disputes."

"The national campaign by the engineering unions for a shorter working week led to a four-week stoppage at Cheltenham and some disruption at some UK customers. In addition, prolonged industrial action at Boeing, the group's major civil aerospace customer, has affected performance in the first half and is likely to have continued impact while the customer reorganises production schedules."

Mr Roger Hurn, chief executive and managing director, said order intake remained generally at a high level in the aerospace and defence activities.

The medical side performed well, with trading profit advancing 26 per cent over the comparative period last year. Demand for the group's medical products grew worldwide, with significant opportunities developing in the eastern bloc.

The industrial division continued its growth. Certain of the UK subsidiaries produced results lower than last year, reflecting a reduction in consumer spending.

Smiths said its businesses were balanced and not overly dependent on one country, business or sector of the market. Trading conditions were now more difficult, but the board nevertheless anticipated another satisfactory year.

Turnover rose by 3.6 per cent to £317.8m and earnings per share were up 5.5 per cent at 11.4p. An interim dividend of 3.6p (3.25p) is declared.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Maxiprint, TR Far East Income Trust, VTR.

Finals- Chepstow Racecourse, Eglinton Exploration, F & C Pacific Investment Trust, Hunting, Malaya, Toye.

FUTURE DATES

Interims-	
National Home Loans	Apr. 30
Titon	May 9
Finals-	
Bank of Wales	Apr. 25
Bayer	May 8
Dencora	Apr. 25
F & C German Inv Trust	June 21
Hartons	Apr. 23
Ketson	Apr. 20
Young & Co's Brewery	May 24

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AMEC ......fin	11.75	-	10.75	19	17
Barr & Arnold ......fin	12.5	-	11.5	17.5	15
Bentalls ......fin	3.25	July 1	2.95	3.85	3.5
Brixton Estate ......fin	3.9	July 14	3.125*	6.1	4.875*
Cannon St Invs ......fin	5.5†	June 5	5	8.8	7.93
Caparo Inds ......fin	2.3☆	June 22	1.2	3.6	2.05
Connell ......fin	6	-	6	9	9
Costain ......fin	7.5	-	7.25	12.25	11.75
FBD § ......fin	1.3♣	-	-	1.3	-
Hewden Stuart ......fin	2	July 15	1.6*	2.75	2.2*
Higgs & Hill ......fin	15.6	June 5	8	20	12
Kwik-Fit ......fin	1.36	June 15	1.36	2.4	2.4
Ldn Strathclyde ......int	1.5	-	1.25	-	4.8
MB Group ......fin	4.375	-	-	6.375‡	-
Musterlin § ......fin	1†	-	3	2.25	4
Nurdin & Peacock ......fin	2.92	July 2	2.52*	4.6	4*
Parambe ......fin	1	-	1	1.5	1.5
Proudfoot(Alex) ......fin	7.5	-	3.5	11.25	5.5
Petrocon ......fin	0.75	-	nil	1.25	nil
Sindall (Wm) ......fin	4.5	July 6	4	6	5
Systems Reliab'y ......fin	1.5†	July 1	1	2.25†	1
Smiths Inds ......int	3.6	June 8	3.25	-	8.9
Tesco ......fin	2.89☆	July 2	2.325	4.3	3.5
Tie Rack ......fin	0.285	July 27	0.865	0.75	1.33
Tudor § ......fin	1.7	June 4	2	2.7	2.67
Waterford Foods§......fin	1.35♣	June	0.525	2.35	0.525

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ΦThird market. ☆Includes 0.5p 10th anniversary payment. ☆Carries scrip option. ‡For nine months. ♣Irish pence throughout.

Wm Sindall decline 7% after write-off

A write off of £1.33m against land holdings led to a 7 per cent reduction in pre-tax profits at William Sindall, the building and civil engineering contractor, in 1989.

Turnover rose to £69.3m (£61.85m) and operating profit to £5.08m (£3.21m). After doubled interest and the exceptional write-off, pre-tax profits came out at £2.48m (£2.68m).

The directors said in the light of current market experience the value of residential development land contracted and provided for in 1988 had been reviewed, and the write-off made. Increased borrowings associated with those purchases and activities resulted in an interest charge of £1.27m (£545,000).

In the year all the underlying subsidiaries had declared profits. Rental income rose 21 per cent to £1.18m, and contracting activities produced "robust" results. In the housing market the company's experience was "no different from that of its competitors".

Earnings fell to 23.56p (28.42p). The dividend is raised 1p to 6p, with a final of 4.5p.

UK COMPANY NEWS

Interest accruing from Carnaud deal gives significant lift to profits

Restructured MB exceeds £80m

By Andrew Hill

MB GROUP, the security printing and building products group, ended nine months of unprecedented change on December 31 by returning profits of £80.1m before tax.

In the past 18 months, MB, formerly Metal Box, has merged its packaging interests with Carnaud, a French packaging company, acquired the US cheque-printer ABS Holdings for $300m, and bought Caradon, the building products company, in an agreed deal worth £338m.

Not surprisingly, the nine-month figures announced yesterday are almost impossible to compare with earlier results.

Turnover stood at £309.3m and earnings per share were 14.7p. A final dividend of 4.375p is recommended, making a total of 6.375p for the period – equivalent to 8.5p for a full year.

MB revealed that more than half its pre-tax profits had come from net interest payable on the cash proceeds of the Carnaud deal (£15.9m) and its £32m share of the profits of CMB Packaging, the merged packaging group in which MB still has a 26.3 per cent stake.

Mr Peter Jansen, MB's chief executive since the Caradon merger in October, yesterday denied rumours of a rift between MB and its French partners, and would not elaborate on the future of the CMB stake, currently worth more than £400m but valued in MB's books at £300m.

He added: "Obviously if I were ever to trade that stake I would have to be convinced that what I replaced it with was going to do better under our management than the CMB shareholding."

Mr Jansen said the group would be concentrating on integration of the new businesses in 1990 and exploitation of the group's building product brand-names, which include Twyfords bathroom products, Everest double glazing, and Stelrad central heating and bathroom products.

MB produced a pro forma trading statement for 1989, on the basis that the present group structure had been in place throughout the year, which showed a pre-tax profit of £103m, after interest charges of £20m.

Peter Jansen: denied rumours of rift with French partners

Mr Murray Stuart is to retire as executive chairman at MB's annual general meeting. Mr Antony Hichens will become non-executive chairman, in place of Mr Stuart, who provided continuity while the new Caradon management settled in.

● **COMMENT**

MB's shares have been tied to the building sector's downturn in recent months, but the group points out that only about 37 per cent of its pro forma profits for 1989 came from the UK. In any case, during 1990 the group's senior management should squeeze further efficiencies from the merged group, adding the shelter of margin improvement to brand-name quality. Building products would have made up about 45 per cent of MB's pro forma trading profits in 1989, with 20 per cent coming from cheque-printing and 35 per cent from the CMB stake – a spread which means MB sits, rather strangely, in the conglomerates sector. MB's shares were unchanged at 200p yesterday. Assuming pre-tax profits of between £130m and £135m next year, they are on a prospective multiple of about 9.5, which should attract investors happy to wait for the full merger benefits in 1991.

British Empire set to spin off French property interests

By Nikki Tait

BRITISH EMPIRE Securities and General Trust, the £93m investment trust, is spinning off its French property holdings into a separately listed vehicle.

The trust announced yesterday that it had sold a portfolio of French property-related securities to a newly-formed company, French Property Trust. This should also qualify for investment trust status, and its shares will be listed in London.

BES is selling £10.2m-worth of property or property-related investments to the new trust, in return for 5m ordinary shares in FPT and £5.27m cash. The sale price is pitched at market value.

The holdings comprise stakes in six property companies. The largest of these is Compagnie Foncière de France, where the holding is worth £3.57m, followed by Societé des Immeubles de France (£2m). Foncière takes in properties in Paris' Avenue Matignon as well as stakes in unlisted property groups in France.

The shares – together with 1m warrants issued to BES will give the trust a 20 per cent stake in FPT. At the same time, FPT is raising £20m via a placing of another 20m shares and 4m warrants – in units of five ordinary shares and one warrants. The placing price of a unit is 500p. Each warrant confers the right to buy one share at 100p between 1993 and 1997.

BES said yesterday that, given the increase in value of its French property holdings, it felt the time had come to move its portfolio back in line the more general objectives of the trust. It will still retain about £6m of French securities, and said that it was looking at two or three situations into which the cash raised might go.

The new trust, which will be managed by Laurwood, also BES' managers, expects to have to have the majority of its money exposed to Parisian property. It pointed out that, by value, Paris accounts for about two thirds of property transactions carried out in France, and said it plans to have a similar break-down.

Although bullish about the French property market at present – in particular, Parisian refurbishment potential – the managers acknowledge that there could be times in the future when it looks less attractive. Accordingly, they said that there may be diversification elsewhere in continental Europe at a later stage.

See Lex

OFT still undecided on GrandMet deal

By Philip Rawstorne

THE OFFICE of Fair Trading is still considering what advice it should give to Mr Nicholas Ridley, the Secretary for Trade and Industry, on the Grand Metropolitan breweries-for-pubs swap with Courage, the UK subsidiary of Elders IXL.

Market concern that the deal may be referred to the Monopolies and Mergers Commission was reported to be one of the reasons that sent Elders stock to a two-year low of A$1.80 yesterday.

But an OFT spokesman said: "No advice on this issue has yet been sent to the DTI."

The indications are that the OFT's examination of the deal is taking longer than expected because of its scale and complexity.

GrandMet, which has been questioned about some details of the agreement with Courage, declined to comment yesterday.

An extraordinary meeting has been called for April 23 to approve the proposals which GrandMet believes meet the Government's post-MMC requirements.

Mr John Elliott, Elders IXL chairman, said in Melbourne that he did not know when a decision could be expected on the asset swap.

Commenting on the share price fall, Mr Elliott said: "I strongly believe Elders' share price does not reflect its true value." It picked up later to $1.87.

Most concern centred on the financial position of Harlin Holdings, which has 55 per cent of Elders, and is controlled by Elders' executives. It is estimated to have debts of about A$3bn (£1.4bn).

But Mr Elliott insisted that Harlin still had the support of its lenders, including Broken Hill Pty, which has A$850m invested in Harlin preference shares. Harlin "will not default," he said.

Tranwood ditches restructure

Tranwood, the USM-quoted financial services group, has abandoned its complex corporate restructuring programme announced in January.

It said yesterday that since the scheme – which involved shareholders exchanging their ordinary shares for a mixture of further ordinary shares, redeemable convertible preference shares and unsecured loan notes – was announced, its shares had fallen by 45 per cent. As a result, it said, "the original objectives" could be achieved by a simpler share buy-back programme.

Sixfold increase to £7.9m at Systems Reliability

By Peter Pearse

GROUP reorganisation, acquisitions and the creation of new paper have borne fruit at Systems Reliability Holdings, the telephone systems designer and computer dealer – in 1989 its taxable profits leapt almost sixfold to £7.86m.

The rise from £1.36m was struck on turnover which vaulted from £24.07m to £134.59m. The 1988 results have been restated, and the profit figure reduced by £62,000, to reflect a change in accounting policy relating to engineering spare parts.

Mr Robert Evans, the former Hillsdown executive who became chairman of Systems in late 1988, said the results were "excellent" and represented "the successful combination of a number of diverse technology companies".

Systems made six acquisitions in the year under review – the largest being that of Chase International Computer Services for up to £7.85m last April – and the group results include their post-acquisition contributions.

Mr Evans has restructured the group into four operating divisions: communications, which made operating profits of £503,000 on turnover of £15.2m; personal computers, with £3.14m on £50.64m; mainframe services, which contributed £3.7m on £60.88m; and maintenance services, £2.08m on £7.86m.

A buyer is being sought for Corporate Computers, part of the personal computer division and the sixth largest PC dealer in the UK.

Interest payable climbed to £1.36m (£212,000), but this time there were no losses from discontinued activities (£259,000). After tax had subtracted £2.38m (£670,000), earnings advanced sharply to 12.76p (3.32p) per share.

A proposed final dividend of 1.5p lifts the total to 2.25p (1p) for the year.

Nurdin ahead to £22.6m

GROWTH AT Nurdin and Peacock, the cash and carry wholesaler, slipped in 1989 with pre-tax profits rising 8.3 per cent from £20.86m to £22.6m against a 10.5 per cent improvement to £1.13bn in turnover.

The pressure on margins, pre-tax to sales, reflected competition in cigarette sales following de-stocking after the "neutral" budget last year.

The 1990 Budget, bringing duty increases on cigarettes and alcohol, should be reflected in some stock profits for the current year and Mr Michael Peacock, chairman, said that overall, the company continued to outperform its main competitors in sales per square foot – by at least 20 per cent – and by sales volume in its established trading areas.

He said that the sales increase of goods under the Happy Shopper label was particularly pleasing with weekly sales running at over £1.5m. Other exclusive label ranges showed encouraging growth.

After tax of £7.46m (£7.33m) earnings emerged at 12.5p (11.3p adjusted) and the dividend goes up from 4p to 4.6p with a recommended final of 2.92p (2.52p adjusted).

Pay increase for RTZ chairman halves to 22%

By Kenneth Gooding, Mining Correspondent

The pay of Sir Alistair Frame, chairman of the RTZ Corporation, the world's largest mining group, has risen by nearly 70 per cent in the past two years.

He was awarded a 45 per cent increase in 1988 and RTZ's annual report today shows there was a further 22 per cent rise last year.

His emoluments, excluding pension contributions, rose from £205,219 for 1987, to £298,099 the following year and to £363,886 for 1989.

The RTZ annual report also shows that Sir Alistair, 60, was among a group of directors who waived some part of their entitlement in all three years.

The report also reveals that Mr Derek Birkin, chief executive, who was paid between £255,000 and £260,000 in 1987 last year received £360,000-£365,000, up from £320,000-£325,000.

PUBLIC WORKS LOAN BOARD RATES

Effective April 11

Years	Quota loans repaid by EIP†	Quota loans repaid At††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At††	Non-quota loans A* repaid at maturity§
1			14⅞			15⅜
Over 1 up to 2	14¾	14⅝	14⅛	15¾	15⅝	14⅞
Over 2 up to 3	14⅜	14¼	13⅝	15⅜	15¼	14⅜
Over 3 up to 4	14	14	13⅜	15	15	14⅛
Over 4 up to 5	13¾	13⅝	13⅛	14¾	14⅝	13⅞
Over 5 up to 6	13⅝	13⅜	13	14⅛	13⅞	13½
Over 6 up to 7	13⅜	13¼	12⅞	13⅞	13¾	13⅜
Over 7 up to 8	13¼	13⅛	12¾	13¾	13⅝	13¼
Over 8 up to 9	13⅛	13	12¾	13⅝	13½	13¼
Over 9 up to 10	13	12⅞	12⅝	13½	13⅜	13⅛
Over 10 up to 15	12¾	12⅝	12	13¼	13⅛	12½
Over 15 up to 25	12¼	11⅞	11⅝	12¾	12⅝	12⅜
Over 25	11¾	11½	11½	12¼	12	12

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Profits hit by mild winter conditions and adverse economic climate

Kwik-Fit declines 18% to £15.1m

By John Thornhill

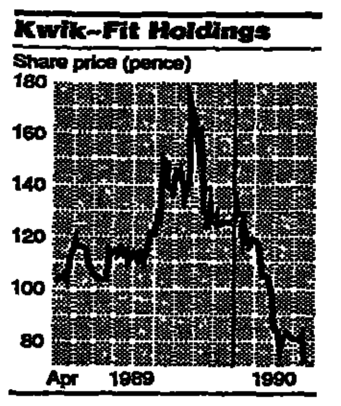
KWIK-FIT Holdings, the car parts specialist, reported a sharp fall in pre-tax profits for 1989-90 as it was hit by the decline in consumer spending, mild winter conditions and an operating loss in continental Europe.

Pre-tax profits in the year to February 28, including a £3.54m exceptional credit from property disposals, fell by 18 per cent from £18.45m to £15.12m. However, turnover was strongly ahead at £193.41m (£157.37m).

The announcement sparked a fall in Kwik-Fit's share price which closed down 9p at 71p.

The share price now stands at less than half the level in October when it was buoyed up by bid talks after Continental, the West German tyre manufacturer, revealed a 10 per cent stake.

Continental, which in February bought National Tyre Services for £143m, has built up its stake in Kwik-Fit to 13.13 per cent but yesterday repeated that it regarded it as a long-term holding.



Mr Tom Farmer, Kwik-Fit chairman, said the group had pursued an aggressive expansion programme during the year adding 107 new centres – 44 in the UK and the rest in continental Europe. At the year end Kwik-Fit ran 609 outlets.

Capital expenditure was about £50m and borrowings increased to £43m by the year end, representing gearing of 70 per cent. Interest charges were considerably higher at £4.89m (£1.17m).

"In the current year we have one prime objective: to lower borrowings," Mr Farmer said.

Operating profits in the UK fell to £15.88m (£17.13m) while the European operations incurred a small loss of £10,000 compared with profits of £1.52m the year before.

Mr Farmer described demand in the first six weeks of the current year as "unbelievable" with sales up 35 per cent. But he cautioned against extrapolating this trend through the rest of the year.

● COMMENT

There is a feeling of unease about Kwik-Fit at the moment. Opinion is divided about the company's prospects. The optimists argue that the profits slump will be temporary and that demand will pick up when the economy strengthens. They point to various industry reports which suggest that over 65 per cent of cars currently have at least one bald tyre and the encouraging pick-up of business in the current year. The pessimists however are concerned about the overall state of the car aftermarket. As tyres increase in durability, and as car manufacturers improve their exhaust systems, they fear that business might simply never recover. That would leave Kwik-Fit looking like a cartoon character that has run off a cliff and has only just realised that the ground has disappeared from beneath its feet. Pre-tax profits this year might remain at about the £14m level giving a prospective multiple of 12. The shares still look overvalued on fundamentals but the Continental stake should help to limit the downside.

Caparo jumps 65% despite competitive trading conditions

By Graham Deller

CAPARO INDUSTRIES, the engineering group, yesterday unveiled a 65 per cent expansion to £14.12m in taxable profits for 1989.

The advance, from the previous year's £8.54m, was achieved on turnover ahead 49 per cent to £220.58m (£147.69m).

Mr Swraj Paul, chairman, controls the company through Caparo Group, his private holding concern. He said yesterday that the record results were achieved in "much more competitive" conditions in the UK engineering and construction sectors.

Nevertheless, Caparo's UK-based activities increased sales and operating profits by 19 per cent and 42 per cent respectively. Return on sales stood at 9.3 per cent, against 7.8p in the previous 12 months, he said.

"Our improved results in this more difficult environment reflect the continuing benefits of capacity-increasing and cost-reducing capital investments" he added.

Exports from the UK amounted to £30m – a rise of some 66 per cent – and accounted for 20 per cent of sales in the UK.

Competitive local conditions also prevailed at Bull Moose Tube, the Missouri-based business acquired in 1988. The offshoot still managed to contribute £4.4m to trading profits in its first full year in the group.

In February this year, Caparo expanded its interests in the US via the purchase of Bock Industries of Indiana. Mr Paul said yesterday that the two together had "tremendous potential for expansion over the next few years."

Fully diluted earnings advanced to 7.71p (5.24p). A proposed final dividend of 1.8p makes a total of 3.1p (2.05p), augmented by a special dividend payment of 0.5p marking the tenth anniversary of the passing of control to the present management.

Proudfoot exceeds £38.3m

ALEXANDER Proudfoot, the management consultancy and training system group, raised profits by 40 per cent from £27.39m to £38.35m in 1989, on turnover ahead 46 per cent from £98.04m to £143.44m.

The results include the figures for 10 months of Crosby Associates, acquired in the first quarter of 1989.

Following the announcement the shares moved 12p higher to 307p; market estimates had been for profits of about £35m.

The current year had started well for the group with trading substantially in excess of that in the comparable period of last year.

Lord Stevens, chairman, said the group continued to generate substantial cash surpluses in excess of operating requirements and as at end-March the group had no debt, in spite of the significant borrowings incurred to finance the acquisition of Crosby.

Interest received last year amounted to £4.04m (£1.61m); Tax took £14.19m (£9.86m) and earnings per share rose from 27.1p to 37.3p undiluted, and from 25.4p to 34.6p fully diluted.

The dividend is raised from 5.5p to 11.5p with a proposed final of 7.75p.

Gold trust launch postponed

By Nikki Tait

PLANS TO launch a large specialist gold investment trust have formally been postponed for the time being, while the sponsers ascertain whether it is possible to bring in South African investment demand. Listing particulars were due to be published on Tuesday.

The new fund launch was a combined effort from James Capel, the City stockbrokers, and Robert Fleming, the investment bank. Last month, they were hoping that the trust – the first to specialise in the gold market – would raise anything from £100m to £300m, largely from institutions.

However, timing of the launch proved inopportune, and support from potential domestic investors, patchy. However, according to James Capel, more interest was shown by South African investors and discussions have started with the Reserve Bank of South Africa to see whether this source of interest could be tapped.

As a result, it might be necessary for the trust to be listed in Johannesburg as well as London, or for the degree of South African investment to match the extent to which the trust itself puts money into South African-based holdings.

James Capel said it was uncertain when the trust might now be launched. "It could be two to three weeks after Easter, or it could be longer," commented the brokers.

Brixton Estate rises 26%

INCREASES IN all sectors enabled Brixton Estate, the property group, to raise pre-tax profits by 26 per cent in 1989.

Profits moved up from £16.16m to £20.43m and produced an increase in earnings from 7.41p to 9.45p. The final dividend is a proposed 3.9p for a total of 6.1p (4.875p).

Directors said there still appeared to be good tenant demand. The company was particularly well-placed to take advantage of the opportunities available, they said.

The recent £80m debenture and current interest swap had largely insulated the company's revenue account from high interest rates. Gearing was only 51 per cent.

In the year investment income was £35.71m (£29.23m), investment profit £18.76m (£15m), and dealing profit £1.76m (£1.16m). Net asset value was 279p (239p).

Ldn & Strathclyde net assets fall

Net asset value at London & Strathclyde Trust had fallen to 288.3p at February 28, from 309.6p a year earlier.

That fall disguised a strong improvement from investments in larger companies.

Earnings for the half year came to 3.33p (3.29p); the interim dividend is stepped up to 1.5p (1.25p).

NEWS DIGEST

Advance to £4m at Barr & Wallace

IN SPITE of a difficult second half for motor distribution, Barr & Wallace Arnold Trust recorded record profits for 1989. They increased from £3.6m to £4.2m pre-tax.

There was a continuation and acceleration in the profit recovery in the inclusive holiday businesses, but interest costs were incurred on the purchase of properties which will not be operational until this year.

Mr Malcolm Barr, chairman, said the current year had started well. Motor profits were ahead on the back of buoyant used car trading, and both holidays and oil distribution were also better.

Borrowings had almost doubled to £15m and gearing was 71 per cent, but those should be reduced by the end of the year.

Turnover in 1989 rose to £219.52m (£170.8m) and trading profit to £5.3m (£4.08m). Interest charges were £1.1m (£497,000).

Earnings came to 43.9p (36.3p) and the final dividend is 12.5p for a total of 17.5p (15p).

Parambe nav rises 20% to 82.2p

Net assets per share at Parambe, the investment trust and art dealer, stood at 82.2p at December 31, an expansion of 20 per cent over the year.

Taxable profits amounted to £130,972, down from £171,842 last time and earnings per 10p share dipped to 1.64p (1.81p).

The recommended final dividend is a same-again 1p for a maintained total of 1.5p.

Gross investment income was £165,329 (£89,130), dealing in works of art worked through lower at £61,946 (£165,374) and in securities at £54,154 (£38,231).

Bad Xmas sales and interest hit Musterlin

In spite of a rise in turnover from £10.12m to £11.62m, pre-tax profits at Musterlin Group, the USM-quoted publisher, plunged from £1.12m to £384,000 in 1989.

A jump in interest payable to £714,000 (£266,000) and difficult Christmas trading for book publishers in general and Musterlin in particular both contributed to the downturn.

Mr George Riches, chairman, said that the reduction of overheads and the level of group borrowings were the primary objectives of 1990.

With that in mind and to achieve an immediate effect on profitability, moves to curtail publishing under the Lennard imprint and to close the warehouse at Iver, Buckinghamshire, had been instigated.

The cost of sales increased to £7.14m (£5.84m), leaving gross profit at £4.49m (£4.28m). Operating expenses were up at £3.39m (£2.9m). After tax of £175,000 (£141,000), earnings declined sharply to 0.16p (11.92p).

The proposed final dividend is a reduced 1p (3p) to make a total pay-out of 2.25p (4p) for the year.

Roger Pinnington: still seeking acquisitions

Recovery continues at Petrocon

Petrocon Group, the valve and pipe fitting distributor and cartography company where specialist engineer Richards holds a near-14 per cent stake, yesterday announced further confirmation of its recovery.

For 1989, the Surrey-based group lifted taxable profits to £1.8m, up from £448,731 in the previous year and losses of £745,000 in 1987.

Part of the upturn reflected a turnround from net interest charges of £31,726 to income of £567,929; Petrocon's net cash position improved during the year from £2.7m to £5.2m aided by the injection of new equity capital in February 1989.

Mr Roger Pinnington, chairman, said both existing core businesses made "excellent progress" during the year. The group was still seeking acquisitions, both in related fields and in a new business area.

Group turnover amounted to £9.08m (£8.27m). Earnings per 12.5p share emerged at 4.74p, up from 1.94p last time, and a final dividend – the first since 1986 – of 0.75p is recommended for a total of 1.25p.

Connell improves in second half

As it foresees an improvement in profit for the first half of this year, Connell, the estate agent, is holding its 1989 dividend total at 9p, with a final of 6p.

The group finished solidly in the black in 1989, although pre-tax profit fell 49 per cent, from £8.72m to £4.44m. That reflected an improvement in the second half, which produced £2.09m (£3.76m) to help offset the 53 per cent decline in the opening six months.

Turnover dropped to £31.26m (£36.24m). Earnings came through at 12.17p (27.37p).

After six years of strong growth the commercial market was experiencing a less active market because of high interest rates. However, the number of professional instructions had increased substantially.

Results benefited from the first full year of Connell Shearer Harris. Current indications pointed to the likelihood of the final acquisition consideration being met in full.

The residential side encountered the worst of the recession and fared well compared with competitors.

Tudor purchase as profits fall to £0.4m

The depressed state of the housing market hit Tudor, the USM-quoted tile distributor and glassware maker, in the year ended December 31. On turnover down from £12.52m to £11.77m the pre-tax result dropped to £384,000 against £648,000.

The company also announced the acquisition of Mitchell Flooring, a supplier and fitter of decorative floor coverings, for £500,000, to be satisfied by the issue of £440,000 in loan notes and £60,000 in cash.

Mr PS Battin, chairman, said that the sale of tiles and associate products would be difficult for the remainder of the year. Mitchell Flooring would make a contribution to results, however, and profits should recover in 1990.

The dividend is lifted to 2.7p (2.67p) with a proposed final of 1.7p (2p). Earnings fell to 5.94p (7.3p) per share.

FBD profit soars to over I£6.6m

FBD Holdings, the farmer-controlled diversified insurance group, increased pre-tax profit from I£4.04m to I£6.57m (£6.5m) in 1989.

Earnings of this USM-quoted company came to 9.6p (8.3p) and the dividend is 1.3p, against the forecast of 1.2p.

The directors said the current year had started well and they were confident of further growth and expansion.

Waterford Foods ahead to I£11m

A 41 per cent improvement in pre-tax profits, from I£7.98m to I£11.28m (£11m), was announced by Waterford Foods, the USM-quoted dairy-based food processor and distributor, for 1989.

Turnover for the County Waterford-based company advanced to I£178.94m (I£238.39m). Earnings per share worked through at 7.8p (6.2p) and a proposed final dividend of 1.35p makes a total of 2.35p on the 'A' ordinary shares. The proposed final on the B shares is 0.525p.

The directors intend to seek shareholder approval to exercise the option to buy Galloway West from the Waterford Co-op during 1990.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1988							
4th qtr.	108.9	[illegible]	[illegible]	121.0	135.4	2,101	261.4
1989							
1st qtr.	109.7	118.8	33.2	121.3	125.8	1,962	228.6
2nd qtr.	109.8	119.5	33.7	121.9	132.4	1,834	222.4
3rd qtr.	111.0	118.9	35.2	121.6	134.8	1,742	220.3
4th qtr.	111.6	120.2	35.1	122.3	155.8	1,664	206.5
February	109.2	118.5	35.8	121.8	124.3	1,949	229.9
March	110.0	119.0	36.7	122.4	127.9	1,917	224.9
April	110.7	118.1	34.7	120.9	132.1	1,858	222.2
May	108.4	119.8	34.1	124.0	133.9	1,836	219.6
June	109.2	119.6	34.0	121.1	131.4	1,810	224.4
July	110.3	119.9	34.6	120.9	134.9	1,787	220.5
August	111.8	120.5	35.3	121.5	134.4	1,745	219.5
September	111.1	118.4	35.2	122.2	134.3	1,694	220.7
October	112.9	120.8	35.3	121.8	140.5	1,675	214.5
November	112.6	120.2	35.4	121.6	152.5	1,652	202.5
December	110.9	119.8	35.1	123.2	185.5	1,636	195.4
1990							
January	110.1	119.5	35.3	122.1	134.2	1,612	199.3
February				124.8	134.9	1,610	196.7

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
2nd qtr	111.7	109.7	108.9	111.0	120.8	100.2	20.7
3rd qtr	114.2	113.7	108.3	114.5	125.1	101.9	18.5
4th qtr	114.1	116.1	108.3	115.9	124.2	101.3	21.2
1989							
1st qtr.	114.8	119.8	102.8	118.3	130.3	102.8	18.2
2nd qtr.	118.4	121.1	102.9	120.6	122.9	99.0	16.9
3rd qtr.	114.8	124.4	104.7	122.6	124.1	97.4	15.0
4th qtr	116.1	126.8	104.9	124.4	121.9	98.6	14.8
March	115.7	118.5	104.3	119.0	127.9	100.0	16.6

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn

FINANCIAL- Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Cnsmer. credit £m	Base rate %

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters* commdty.	Sterling

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

Kremlinology comes to the oil industry

Analysts cannot agree about the prospects for Soviet supplies, reports **Steven Butler**

OIL ANALYSTS are quickly trying to grasp the essentials of an obscure science that was once the sole province of foreign diplomats and academic specialists: Kremlinology. The Soviet Union has turned out to be one of the critical wild cards in a global oil supply deck that is stacked full of uncertainties.

The Soviet Union is the world's biggest oil producer. It is in no danger of losing this supreme position for many years. Yet output is falling and, depending on whether the decline continues and at what speed, Soviet production losses could have a big impact on international oil markets, where supplies appear to be growing gradually tighter, despite the plunge in oil prices in recent days.

Output looks especially uncertain just now because of the threat of a strike by oil workers in the Tyumen region of western Siberia, where two thirds of Soviet oil is produced. The workers want better living and working conditions, more support for the industry and higher oil prices.

At last year's 607m tonnes (about 12.1m barrels a day) the Soviet Union pumped more than twice as much oil as Saudi Arabia and its exports, at nearly 3m barrels a day, were second only to Saudi Arabia. Yet Soviet output declined by 2.5 per cent in 1989, and reports from the Soviet Union indicate a further 4 per cent drop during the first two months of this year.

In oil industry terms an output drop for two months is not necessarily alarming. The question is whether it will continue all year and what its impact will be on exports.

Exports to the West took a knock last year. The International Energy Agency earlier this month tripled its estimate for the fall last year in net exports from what it calls the centrally-planned economies, encompassing eastern Europe, the Asian communist nations, and Cuba. It now believes that net exports fell from 2.2m b/d to 1.9m b/d, and expects a further 200,000 b/d drop this year.

Direct exports from the Soviet Union to developed countries fell by 200,000 b/d to 1.69m b/d, absorbing all the fall in direct exports reported by Soviet officials. An analyst at one large oil company estimates that Soviet exports this year have fallen by 300,000 b/d to Eastern Europe and 200,000 b/d to the West, and expects the pattern to continue. Another large company is assuming a 300,000 b/d drop in net exports from the communist countries, but expects exports to stabilise next year.

Many analysts have looked at the chaos in the Soviet economy at large and the difficulties of the oil industry and concluded that production and exports could be severely affected, thus driving up world oil prices. Yet others say the outlook is clouded by a set of complex variables governing production and consumption in both the Soviet Union and Eastern Europe.

"It's easy to see it going all sorts of ways," says an analyst with a major oil group.

Production last year was plagued by a range of troubles. A reorganisation and decentralisation of Soviet ministries related to the oil industry caused some disruption. Central-level investment was slashed, although this may have been compensated for by local-level investment. Even so with costs rising in the industry this may not have been enough to maintain production. Many of the large fields are maturing and are only being replaced by less productive fields. Equipment supplies were also disrupted by ethnic troubles in the Caspian region, where most of it is produced.

One oil company projects that Soviet production this year will, as a result of these continuing troubles, fall to 590m tonnes.

Analysts disagree, however, about how seriously these output declines will affect exports. Oil is the Soviet Union's principal source of badly-needed hard currency.

"It is very hard to see what else they can sell to get hard currency," says Mr Phillip Morgan, an analyst at Laing & Cruickshank.

This means the Soviets are likely to make all possible efforts to restrain domestic consumption so as to boost exports. Between continuation of a programme to substitute gas for oil consumption and poor prospects for economic growth in the near term, the recent declining trend for oil consumption could well continue. A sharp rise in Soviet domestic oil prices, which oil workers are demanding and the Government is considering, could also restrain consumption. Doubtful short-term economic prospects in eastern Europe combined with a move to hard currency payments for oil could also limit consumption there, freeing more for Western markets.

Mr Geoff Pyne, an analyst at UBS Phillips & Drew, sees a period of poor economic performance in the next few years, to be followed by a period of more rapid growth later in the decade that would boost Soviet oil demand. Mr Pyne admits the timing is difficult to call, and there is always the possibility of civil war or other upheavals. However, he says: "If you look at the development of any major economy over a period of time, it does end up growing."

He projects that net exports will decline only slowly in the next few years, and then rapidly until the Soviet Union becomes a net importer, perhaps by the turn of the century, with production falling below 500m tonnes a year.

However, at least one oil company analyst believes Mr Pyne is too pessimistic about the prospects for Soviet oil production, which he believes can be maintained at 550m tonnes. This is because of the abundance of Soviet reserves and the prospect that eventually Western oil technology will be more widely used. A number of oil companies are currently in discussion about joint venture oil production arrangements, although negotiations are likely to be drawn out.

This analyst also sees a long-term stable or declining trend in Soviet consumption, even if the economy takes off, because of the likelihood of higher energy efficiencies in new investment. This would leave 2m b/d net for export. The composition of oil product demand, however, could still pose a problem as consumption shifts to more highly refined products which Soviet refineries cannot supply.

Mr Morgan has the most optimistic outlook: "I'm coming to the view that we'll get more exports from Russia to the West in a few years time."

Most observers agree with Mr Morgan that Western production technology would have a rapid impact on Soviet oil output if a host of administrative, supply, and labour difficulties could be solved. He argues, however, that while big deals with large oil companies may take time to materialise, technology is already going in by way of a series of small deals that cumulatively could have a big impact.

"I think it could halt the decline (in output) fairly quickly," he says.

"The numbers are so large," complains one company analyst. "You only need a very small variation in the factors that make it up. In 10 years it can make a huge difference."

A senior analyst in another large oil company admits his staff is divided on the outlook, but he is convinced the next few years are dangerous ones. Moscow may succeed this time round in averting a strike in Siberia.

But, he warns: "The scope for accidents in this area – on the supply side – is very large. One of these times it will happen."

Nikolai Spirin, manager of a gas-lift oil production facility at the Feodorovsk field in the Tyumen region, where oil workers are threatening to strike for improved living and working conditions

Swine fever outbreak poses difficult questions for EC

By **Tim Dickson** in Brussels

THE CURRENT outbreak of classical swine fever in Belgium is not only a disaster for the country's pig producers. The epidemic raises important questions about the European Community's plan to dismantle veterinary controls at borders after 1992.

A major step towards this goal was taken in December last year when Britain, Ireland and Denmark reluctantly gave their blessing to a Commission proposal to abandon health checks on meat and meat products traded between the member states. At the insistence of these three governments, though, the agreement was made conditional on the eventual eradication of animal diseases across the community and the exclusion of live animals from the scope of the directive.

In view of what has happened in Belgium – by the end of last week some 53 cases of swine fever had been reported across a wide swathe of Flanders – there will be widespread relief at these caveats, not least in countries jealously protective of their disease free status. But the fact that Belgium itself is supposed to have been given the all-clear on swine fever, the apparent slowness of the authorities in reacting to the crisis, and the bitter, if understandable, opposition of local farmers to measures designed to stamp out the problem are all matters which will give cause for concern to those anxious to complete the single European market.

Several reasons, including the high winds, have been cited for the rapid spread of the disease following the original outbreak near Antwerp at the beginning of February. But according to one farm policy specialist in Brussels the "highly irresponsible" transporting of infected animals "clearly played a part" in subsequent outbreaks in East and West Flanders. A businessman whose company is based close to the border with France reported yesterday that "on the day before the Belgian restrictions were introduced I saw vast numbers of lorries crossing the frontier."

The Belgian veterinary authorities, in collaboration with the Commission, have defined three zones: an immediate protection zone around affected holdings; a surveillance zone around the protection zone; and a huge buffer zone covering all of western Flanders, a part of eastern Flanders, part of Antwerp province and part of Hainaut province. All movement of pigs and slaughter for human consumption are prohibited in these areas.

Some three-quarters of Belgium's pig production is covered by the zones – hence the squeals of protest that were continuing yesterday from farmers denied outlets for their meat both at home and abroad.

The European Commission, meanwhile, has provided assistance for the buying in of fattened pigs and piglets in the surveillance zone. These animals are to be "slaughtered out" and sent to rendering plants for manufacture into fats, fertilisers and meal. The cost of this exercise is estimated by a Commission official at Ecu36m (£26m) on the basis of 35,000 fattened pigs and 24,000 piglets a week over a seven week period.

In a handful of villages Belgian mayors – sensitive to anguished farmers' complaints about losing valuable breeding stock – have moved to try to prevent the compulsory slaughter of pigs both on the affected farms and within 1 km of the outbreak source. The Flemish Interior Minister this week overturned their action using his legal powers and, according to Commission officials, the programme should now be able to proceed. Payments for compulsorily slaughtered animals – about 68,000 have so far been killed – are being financed jointly by the Belgian Government and the EC while the Boerenbond, the Flemish farmers' organisation, is considering a fund to compensate farmers for the loss of their sows.

The EC's standing veterinary committee and the pigs management committee both meet next week to review the situation. But with dissatisfaction still deep in Belgium – and anxieties intense in other member states – this one looks set to run well beyond Easter.

Backing for Chicago soya action

By **Barbara Durr** in Chicago

A REPORT by the US General Accounting Office on the controversial action taken last July by the Chicago Board of Trade regarding soyabean futures says the CBoT acted correctly and in compliance with Commodity Futures Trading Commission rules.

The CBoT ordered the liquidation of futures positions above 3m bushels after the Italian-based Ferruzzi Finanziaria built up an extraordinarily large position of 22m bushels and owned more than 85 per cent of the soyabeans available for delivery. It was widely suspected that Ferruzzi was trying to manipulate the market, although the company firmly denies this.

The emergency liquidation sharply reduced prices and the CBoT came under severe criticism from farmers' groups for manipulating the market. A lawsuit against the exchange is still pending from the American Agricultural Movement.

Central bank caution may hit gold supplies

By **Kenneth Gooding**, Mining Correspondent

SUPPLIES OF gold bullion loaned to the market by central banks are likely to drop substantially, possibly causing liquidity problems, say some precious metals analysts.

They say central banks are almost certain to follow more cautious policies after the recent revelation that Portugal's Central Bank faces the possible loss of 9 tonnes of gold worth about $100m in the collapse last February of Drexel Burnham Lambert, the Wall Street investment group.

Mr Tavares Moreira, the governor, said other central banks had suffered losses but Portugal had the largest exposure.

Central banks in the past few years have been lending gold from their countries' official reserves – which would otherwise would be a non-productive asset – to the bullion banks on fixed terms for three, six, nine and 12 months. They usually insist on repayment and physical delivery at the end of the agreed time. Mr Andrew Smith, precious metals analyst at UBS Phillips & Drew, suggested yesterday that in future the central banks would be likely to lend only to "triple A" bullion banks.

He pointed out that, perhaps by coincidence, the interest rate charged by central banks on their gold had risen from 0.72 per cent at the end of February to 1.06 per cent early this month. Yesterday it eased back to 0.83 per cent.

Mr Graham Birch, analyst with Ord Minnett, thought some of the more-aggressive bullion banks might be "rather embarrassed" if the central banks withdrew liquidity from the market. "Some of the less prudent banks may have borrowed short from the central banks and lent long to the mining companies. This could leave them woefully exposed to the market place. If they had to deliver gold there would only be one place to go to get it – the market. If other bullion banks were in the same position, the most monumental squeeze could develop."

British Columbia steers middle path in forest row

By **Bernard Simon** in Toronto

MORE THAN half of a picturesque valley on Vancouver Island, which boasts some of the largest trees in North America and has been the centre of an intense struggle between environmentalists and the forestry industry is to be set aside as parkland.

Steering a middle path between the competing interests, the British Columbia Government is to allow MacMillan Bloedel of Vancouver to fell trees on only 3,100 acres of the 6,700-acre Carmanah Valley. Macblo, which has licences for almost the entire valley, must delay harvesting for at least a year until an environmental study is completed.

The valley's Sitka spruce trees are believed to be the tallest spruce in North America, at up to 95 metres. Macblo said, however, that large spruce trees made up only 2 per cent of the area's timber, the rest being typical hemlock, cedar and balsam.

The decision reflects mounting environmental pressures on Canadian forestry companies. Timber supplies to several coastal mills in British Columbia are threatened by conservationists' concern at the disappearance of huge, old fir and spruce trees.

The companies fear that limits on access to forests closest to their mills will push up cost. The industry also faces tighter rules on pulp mill emissions, demands for more recycled newsprint, more protracted environmental studies on new projects, and leapfrogging federal and provincial government regulations.

Mr Claude Richmond, British Columbia's Forests Minister said that the Carmanah decision "is a question of balance. We must ensure that economic activities do not impinge on the old-growth spruce environment and we must also recognise the economic needs of the region."

Macblo estimated that the decision would cost the British Columbia economy about C$7m (£3.7m) a year and 150 jobs at its Port Alberni mill.

Mr Dale Tuckey, Macblo's vice-president for the Alberni region, said the decision was "based on politics, not on good forest management or on sustainable development, and certainly not on economics." However, environmentalists pledged to fight on to save the entire valley from logging.

WORLD COMMODITIES PRICES

MARKET REPORT

COCOA prices continued their recent strong rise on concern over the unrest in the Ivory Coast, the world's biggest producer. The London July contract went as high as £912 a tonne before easing to close at £893, a rise of £19 on the day. In early trading the market was stopped for 15 minutes after near May rose the £40 a tonne limit. In New York rumours that the Ivory Coast's dockworkers were planning to go on strike next week in protest against nationwide pay cuts fuelled early speculative buying. But by midsession the gains had been pared. On the Baltic Futures Exchange UK potato futures rose sharply in the wake of sharp frosts and soaring European prices – dealers fear that stocks will not last until the new harvest. On the LME lead prices closed well down. Buying has subsided following the recovery in LME stocks from their mid-March lows and the onset of the season when demand from battery manufacturers is quiet. Copper prices – slightly ahead in London – rose above 120 cents a lb for May by midsession in New York, where traders said rumours that 50,000 tonnes of copper would soon be delivered into LME warehouses were discounted.

Compiled from Reuter

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$13.45-13.55	-0.45
Brent Blend	$15.85-15.95	-0.60
W.T.I. (1 pm est)	$17.90-7.95y	-0.26
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$210-213	-8
Gas Oil	$155-156	-4
Heavy Fuel Oil	$74-76	-1
Naphtha	$155-157	-5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$374.50	-0.75
Silver (per troy oz)♣	512.00c	-1.00
Platinum (per troy oz)	$476.30	-1.35
Palladium (per troy oz)	$128.50	+0.25
Aluminium (free market)	$1495	+10
Copper (US Producer)	126c	
Lead (US Producer)	60c	
Nickel (free market)	410c	
Tin (Kuala Lumpur market)	17.25r	-0.1
Tin (New York)	300c	-4
Zinc (US Prime Western)	83¼c	
Cattle (live weight)†	113.54p	-1.19*
Sheep (dead weight)†	250.25p	-6.90*
Pigs (live weight)†	99.75p	+0.89*
London daily sugar (raw)	$371.4w	+4.0
London daily sugar (white)	$447.0w	+4.0
Tate and Lyle export price	£342	+1.0
Barley (English feed)	£104.5	
Maize (US No. 3 yellow)	£137.5v	+2.5
Wheat (US Dark Northern)	£119t	
Rubber (May)♥	56.70p	
Rubber (Jun)♥	56.50p	
Rubber (KL RSS No 1 May)	228.5m	+0.5
Coconut oil (Philippines)§	$946w	
Palm Oil (Malaysian)§	$277.5x	
Copra (Philippines)§	$230.0y	
Soyabeans (US)	£164.0	+0.5
Cotton "A" index	83.20c	+0.9
Wooltops (64s Super)	572p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jun. t-May/Jun. v-Apr/Jun. w-Apr/May. z-Mar/Apr y-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX		($ per tonne)	
Raw	Close	Previous	High/Low
May	343.00	342.80	344.20 340.80
Aug	350.60	351.00	351.00 348.20
Oct	344.00	344.00	345.20 341.80
Mar	316.00	316.40	317.40 315.00
Aug	314.00	311.00	314.00
White	Close	Previous	High/Low
May	453.0	447.0	452.0 448.5
Aug	443.0	441.0	442.5 439.0
Oct	414.5	414.0	414.5 411.5
Mar	397.5	397.5	398.5 394.5

Turnover: Raw 3908 (1918)lots of 50 tonnes. White 4595 (2301)

Paris- White (FFr per tonne): May 2502, Aug 2487, Oct 2345, Dec 2280, Mar 2252, May 2245

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Jun	16.56	17.00	16.70 15.94
Jul	17.09	17.48	17.20 16.45
Aug	17.57	17.78	17.35 17.10
Sep	17.44	18.01	17.44 17.44
IPE Index	16.56	17.12	

Turnover: 10744 (10598)

GAS OIL – IPE			$/tonne
	Latest	Previous	High/Low
May	152.00	154.50	153.00 148.75
Jun	149.25	151.25	150.75 144.75
Jul	150.00	152.00	150.50 145.60
Aug	150.50	153.75	150.50 149.00
Sep	155.25	155.00	152.25 150.00
Oct	156.50	157.00	156.50 151.75
Nov	158.50	158.75	155.00 153.75
Dec	158.00	159.50	156.00 153.75

Turnover 12281 (13368)lots of 100 tonnes

WOOL

THE AWC has been buying an increasing percentage at sales this week, the last before the Easter recess. With purchases at around 45% the market is not as good as it was four or five weeks ago.

Renewed discussion of the AWC's problems in selling seasons to come, with forecasts of stocks nearing 3 million bales by July and over 4½ million bales a year after that are not helping matters. Trading on the Bradford market is at a very low ebb. Prices are nominally unaltered.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
May	874	829	892 865
Jul	893	874	912 882
Sep	910	863	930 898
Dec	930	881	948 918
Mar	949	903	962 938
May	963	915	970 955
Jul	977	930	988 971

turnover: 12624 (8340) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Apr 10 1028.43 (1002.47) 10 day average for Apr 11 976.48 (962.38)

COFFEE – London FOX			£/tonne
	Close	Previous	High/Low
May	720	725	740 714
Jul	715	720	735 717
Sep	727	732	745 727
Nov	740	743	757 746
Jan	750	754	769 754
Mar	765	768	781 767
May	780	780	790 790

turnover: 4545 (5084) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Apr 10: Comp. daily 77.40 (76.57). 15 day average 74.14 (73.88)

POTATOES – BFE			£/tonne
	Close	Previous	High/Low
May	239.4	217.5	240.5 223.0
Nov	110.0	108.0	108.0
Apr	168.0	156.0	170.0 160.0

Turnover 560 (455) lots of 40 tonnes.

SOYABEAN MEAL – BFE			£/tonne
	Close	Previous	High/Low
Aug	125.50	126.00	125.50
Oct	128.50	128.50	128.50

Turnover 70 (45) lots of 20 tonnes.

FREIGHT FUTURES – BFE			$10/index point
	Close	Previous	High/Low
Apr	1453	1448	1455 1445
May	1458	1453	1462 1455
Oct	1400	1403	1400
Jul	1200	1203	1200
BFI	1459	1462	1459

Turnover 105 (466)

GRAINS – BFE			£/tonne
Wheat	Close	Previous	High/Low
May	113.40	113.30	113.75 113.40
Jun	115.40	115.15	115.40 115.30
Nov	110.85	110.80	110.70
Jan	114.40	114.50	114.40
Barley	Close	Previous	High/Low
Sep	105.90	105.85	105.90

Turnover: Wheat 74 (227), Barley 2 (183).
Turnover lots of 100 tonnes.

PIGS – BFE		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Oct	119.0	119.0	118.5

Turnover 10 (11) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 34,000 tonne
Cash	1498-500	1495-8		1495-7		
3 months	1504-5	1508-10	1507/1498	1502-4	1498-500	42,313 lots
Copper, Grade A (£ per tonne)						Ring turnover 70,525 tonne
Cash	1625-30	1618-20	1660/1602	1600-2		
3 months	1567-9	1571-2	1580/1558	1558-60	1575-6	80,092 lots
Lead (£ per tonne)						Ring turnover 9,350 tonne
Cash	498-500	530-3	502/500	500-2		
3 months	488-490	507-8	507/490	492-3	492-3	10,551 lots
Nickel ($ per tonne)						Ring turnover 2,028 tonne
Cash	8850-900	8825-50	8770	8770-90		
3 months	8550-75	8660-25	8625/8550	8575-600	8575-600	7,938 lots
Tin ($ per tonne)						Ring turnover 825 tonne
Cash	6480-90	6400-10	6610/6480	6505-10		
3 months	6580-90	6550-60	6650/6650	6570-80	6580-90	6,577 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 16,075 tonne
Cash	1640-5	1660-5	1630	1629-31		
3 months	1588-90	1603-5	1603/1574	1579-80	1590-2	16,067 lots

LME Closing £/$ rate:
SPOT: 1.6465 3 months: 1.6192 6 months: 1.5917 9 months: 1.5666

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	374¼-374¾	227¾-228¼
Opening	374-374½	227¾-228¼
Morning fix	374.10	227.874
Afternoon fix	374.50	227.887
Day's high	374¾-375¼	
Day's low	373½-374	

Coins	$ price	£ equivalent
Mapleleaf	385-390	234¼-237¼
Britannia	385-390	234¼-237¼
US Eagle	385-390	234¼-237¼
Angel	385-390	234¼-237¼
Krugerrand	374-371	227½-229½
New Sov.	88-89	53½-54¼
Old Sov.	88-89	53½-54¼
Noble Plat	482.00-489.65	293.65-298.30

Silver fix	p/fine oz	US cts equiv
Spot	309.55	508.60
3 months	321.15	519.10
6 months	333.30	530.20
12 months	357.40	553.10

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	July	May	July
1400	101	123	2	20
1500	28	62	28	56
1600	3	25	102	118
Copper (Grade A)	Calls		Puts	
2400	233	180	7	57
2550	114	100	37	124
2700	41	49	112	184
Coffee	May	Jul	May	Jul
650	71	84	1	19
700	28	54	8	39
750	7	33	37	68
Cocoa	May	Jul	May	Jul
800	73	108	0	0
850	29	71	28	6
900	5	44	61	32
Brent Crude	Jun	Jul	Jun	Jul
1850				
1900			212	
1950				

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Apr	374.5	375.0	374.8	373.5
May	375.5	376.7	375.5	375.5
Jun	378.6	379.3	379.5	377.1
Aug	383.5	384.1	384.0	381.9
Dec	393.0	393.8	393.5	391.6
Feb	397.5	398.7	398.0	397.5
Apr	402.4	403.4	0	0
Jun	407.0	408.5	407.0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Apr	476.0	475.5	476.0	478.0
Jul	484.5	482.0	486.0	480.1
Oct	487.5	487.3	487.5	486.0
Jan	493.0	492.8	493.0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
May	515.0	511.3	515.8	509.0
Jun	514.5	515.5	0	0
Jul	523.5	519.6	524.0	517.5
Sep	531.0	528.6	531.5	527.5
Dec	544.0	540.3	544.0	536.5
Mar	550.0	551.9	550.0	0
May	558.9	559.9	0	0
Jul	567.2	568.2	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	121.00	121.00	121.50	119.80
May	118.10	119.35	120.20	117.20
Jun	114.60	115.40	0	0
Jul	111.80	112.35	113.10	110.50
Aug	109.20	110.35	0	0
Sep	107.50	108.35	108.50	106.80
Oct	106.20	106.95	0	0
Nov	104.90	105.60	0	0
Dec	103.60	104.25	104.60	103.60
Jan	102.80	103.45	103.70	0

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
May	17.76	17.68	18.05	16.25
Jun	18.36	18.34	18.51	17.35
Jul	18.87	18.84	19.05	17.84
Aug	19.25	19.23	19.35	18.23
Sep	19.64	19.54	19.65	18.60
Oct	19.75	19.75	19.77	18.85
Nov	19.80	19.85	19.85	18.95
Dec	19.85	19.92	19.87	18.82
Jan	19.95	19.98	19.95	18.10
Feb	19.70	20.00	20.00	19.45

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
May	5245	5240	5320	5000
Jun	5020	5039	5100	4839
Jul	5040	5032	5090	4832
Aug	5110	5104	5180	4904
Sep	5280	5254	5310	5150
Oct	5390	5342	5390	5220
Nov	5460	5430	5460	5230
Dec	5530	5530	5535	5330
Jan	5640	5575	5640	5460
Feb	5590	5530	5590	5469

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
May	1320	1329	1364	1302
Jul	1330	1346	1364	1321
Sep	1342	1360	1395	1337
Dec	1357	1380	1407	1355
Mar	1375	1393	1419	1375
May	1415	1407	1428	1415
Jul	1415	1422	1440	1415

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
May	95.17	97.77	98.65	94.75
Jul	97.19	99.90	100.85	96.80
Sep	99.00	101.62	102.50	98.75
Dec	101.54	104.08	104.75	101.25
Mar	103.93	106.25	107.00	105.00
May	105.80	108.00	0	0
Jul	107.25	109.75	0	0
Sep	109.50	112.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	15.47	15.50	15.54	15.39
Jul	15.67	15.69	15.73	15.57
Oct	15.39	15.48	15.45	15.31
Mar	14.38	14.45	14.42	14.32
May	14.20	14.24	0	0
Jul	14.11	14.11	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
May	73.60	74.39	74.68	73.50
Jul	73.30	73.82	74.02	73.20
Oct	67.40	67.27	67.50	67.08
Dec	65.45	65.43	65.70	65.20
Mar	66.55	66.28	0	0
May	66.80	66.80	0	0
Jul	66.90	66.81	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
May	199.10	195.75	0	197.00
Jul	196.50	192.80	196.90	194.25
Sep	191.25	188.50	191.50	188.75
Jan	179.00	174.50	178.00	177.00
Mar	176.50	175.05	177.00	176.00
May	176.00	175.05	0	0
Jul	178.00	175.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Apr 11	Apr 10	mnth ago	yr ago
1932.8	1930.5	1927.8	2001.0

DOW JONES (Base: Dec. 31 1974 = 100)				
	Apr 10	Apr 9	mnth ago	yr ago
Spot	134.90	134.37	133.23	130.63
Futures	134.59	133.80	134.39	133.46

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
May	592/4	591/0	594/4	589/0
Jul	607/0	605/0	608/0	602/6
Aug	611/6	610/2	612/6	608/0
Sep	611/4	609/4	612/4	608/4
Nov	617/4	615/0	618/4	613/4
Jan	628/0	625/2	628/4	624/0
Mar	638/0	639/0	638/4	634/0
May	646/0	642/4	646/0	642/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	22.00	21.66	22.00	21.73
Jul	22.20	21.83	22.20	21.90
Aug	22.15	21.78	22.15	21.90
Sep	21.95	21.61	21.95	21.70
Oct	21.70	21.42	21.70	21.50
Dec	21.55	21.42	21.60	21.42
Jan	21.45	21.31	21.49	21.37
Mar	21.30	21.25	21.45	21.27

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
May	171.7	172.4	173.0	171.2
Jul	175.7	177.3	177.0	176.1
Aug	178.0	179.3	178.6	177.0
Sep	180.0	180.8	180.3	178.8
Oct	181.1	181.7	181.7	180.7
Dec	184.9	185.1	185.6	184.0
Jan	186.5	186.5	186.2	185.5
Mar	190.5	190.5	190.5	189.0
May	191.0	191.0	190.5	190.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
May	271/4	272/6	274/0	270/4
Jul	272/4	273/6	275/0	272/2
Sep	266/2	267/0	268/2	265/4
Dec	262/4	262/2	263/4	261/0
Mar	268/0	268/0	269/0	266/6
May	270/6	270/6	272/2	270/0
Jul	273/0	272/6	274/0	271/4

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
May	364/4	362/0	367/0	361/0
Jul	339/4	336/4	340/2	337/4
Sep	346/0	346/0	346/2	344/0
Dec	358/0	357/4	359/4	356/6
Mar	363/2	362/0	363/2	360/4
Mar	370/0	370/0	370/4	369/4

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Apr	80.37	80.22	80.40	80.12
Jun	73.97	74.07	74.17	73.80
Aug	72.97	73.02	73.12	72.80
Oct	74.50	74.72	74.80	74.40
Dec	74.50	74.72	74.75	74.42
Feb	74.52	74.67	74.75	74.50
Apr	74.57	74.70	74.70	74.55

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Apr	56.02	55.37	56.15	55.42
Jun	59.90	59.57	60.00	59.57
Jul	59.65	59.17	59.80	59.20
Aug	58.32	57.52	58.50	57.65
Oct	53.12	51.92	53.25	52.20
Dec	52.00	50.95	52.25	51.30
Feb	50.80	49.95	50.70	50.00
Apr	47.25	46.95	47.60	47.25

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
May	57.80	55.60	57.80	56.85
Jul	57.92	55.92	57.92	57.05
Aug	56.60	54.60	56.60	55.50
Feb	61.42	59.92	61.82	60.50
Mar	61.50	60.25	61.60	0
May	61.05	59.90	61.40	59.95

LONDON STOCK EXCHANGE

Thin turnover in a nervous market

THE UK stock market's response to another batch of discomforting corporate trading statements was muffled yesterday by a decline in trading volume to levels associated with holiday periods.

The equity sector never really got off the ground and traders were left to square their positions ahead of the Easter weekend in a market largely devoid of institutional interest.

Although today is likely to bring another slack session as the markets move into the extended holiday weekend, investors face important tests of confidence in the form of the latest data on domestic inflation, wage and unemployment trends.

Account Dealing Dates		
*First Dealings:		
Mar 26	Apr 9	Apr 30
Option Declarations:		
Apr 5	Apr 26	May 10
Last Dealings:		
Apr 6	Apr 27	May 11
Account Day:		
Apr 17	May 8	May 21

*New time dealings may take place from 9.00 am two business days earlier.

The March Retail Price Index is expected to show underlying inflation at an annual rate of at least 7.9 per cent, and the City fears that average earnings may show a further rise from the 9.25 per cent annualised rate for February.

Equities were a sluggish market yesterday, but properties attracted some activity as the speculative undertone continued to focus around several of the better known names in the sector. After the close of trading, the board of Laing Properties said it would recommend the bid from Pall Mall, which had been increasing its Laing stake during the day.

But once again it was the flow of company results that pre-occupied the market, with traders often concentrating on boardroom comments on the outlook rather than on the profit figures themselves.

A sharp rise in profits at Tesco, one of Britain's largest food supermarket groups, proved little help to the share price, and a depressed construction sector looked no better on absorbing a list of trading results from the industry.

Share prices opened slightly better after the setback of the previous session, helped by relatively benign performances from Tokyo and New York overnight. Firmness in UK Government bonds, despite a slight easing in the pound and a general concern over declining oil prices, also helped equities.

The improvement soon melted away because of the sheer lack of business and, with bonds also losing their early gains, equities drifted downwards. Selling of the Footsie June futures contract provided the trigger for the fall in the underlying share market. At worst, the FT-SE Index was down 5.6, but share prices then steadied as Wall Street came in a shade higher and edged up 2.93 Dow points in London hours.

The final reading showed the FT-SE Index at 2,215.5, a net loss of 2 points on the day, and still leaving the important 2,200 mark looking vulnerable. A more accurate picture of the session came from the Seaq volume figure of a mere 310m shares, against the 365.3m of the previous session.

Concern over costs at Tesco

SHARPLY HIGHER profits from Tesco failed to prevent the market worrying about the bigger pay awards the company recently made to its staff. Analysts said the results had been discounted by the market, and Tesco closed unchanged on the day at 201p.

The retailer's shares have risen by 83 per cent since last year's results against an FT-SE 100 index decline of 0.5 per cent over the same period and the market's faith in Tesco was rewarded with profits of £362m against £276m last time.

Some analysts believed that once the market had time to digest the figures, Tesco could trade between 230p and 250p. Mr Bill Myers of Henderson Crosthwaite said: "I have never seen a more bullish report from Tesco; all the numbers are pointing in the right direction."

But there was some caution over higher pay levels. While Tesco could see another strong rise in profits this year, the increased wage pressures could make additional gains hard to extract.

"These wage awards will take the gloss off earnings growth," said Mr Phillip Dorgan of Goldman Sachs. Mr Paul Smiddy of Kleinwort Benson noted that in late summer Tesco would conclude a company-wide job evaluation which could result in a larger wage bill.

In any event, Tesco was supported as some analysts raised their profit forecasts for the current year. Henderson Crosthwaite estimates £430m from £420m, Goldman Sachs moved to £380m from £371m, while Kleinwort Benson's forecast was unchanged at £385m.

Costain volatile

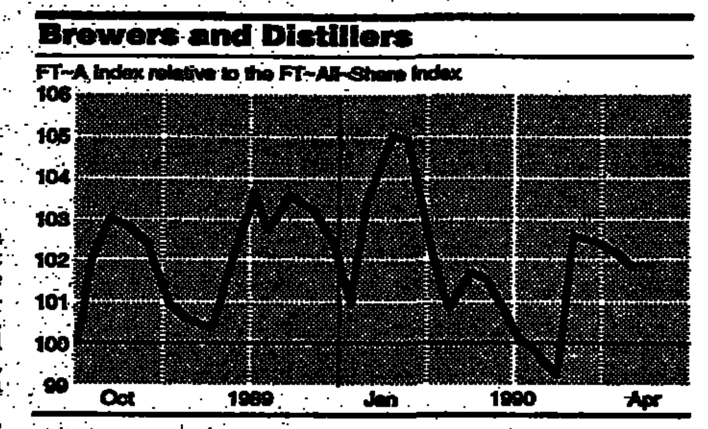
A substantial two-way pull developed in shares in Costain Group, the construction to mining company, after it unveiled sharply reduced preliminary figures. The shares dipped to 229p immediately following the announcement only to rally swiftly to close a net 7 higher at 253p.

Costain's pre-tax profits came out at £55.1m, compared with last year's £89.2m, and at first sight shocked the market. But closer examination showed that the company had written down the value of its UK housing land bank by £20m.

Mr Nick McLaughlin of UBS Phillips & Drew said that without the write-down, which had been spoken of in the market during the past few weeks, the figures would not have been as bad.

Brewers and Distillers

FT-A Index relative to the FT-All-Share Index



The group's engineering, construction, mining and commercial property businesses turned in good results, but these were offset by poor results from the UK housing business. The residential property business saw last year's £25.2m profit turned into a £2.6m loss.

Hammerson rise

Hammerson moved swiftly ahead against a falling market as Barclays de Zoete Wedd recommended investors to buy. The "A" shares closed 17 higher at 765p.

BZW drew attention to Hammerson's strong exposure to overseas property, and noted that recent bid targets, London and Edinburgh Trust and Laing Properties, also had a large non-UK portfolios.

A BZW analyst said: "Hammerson should be at a 10 to 15 per cent premium to the sector, when, in fact it is in line with it." He added, however, that BZW remained negative on the rest of the sector, and that the pressure of high interest rates could yet force some of the smaller property companies to go to the wall.

Laing Properties rose a penny to 722p. Soon after the market closed, the company announced it was recommending that its shareholders accept the 725p cash bid from Pall Mall, the joint vehicle controlled by P & O and Chelsfield.

Brewers were once again a dull market. The sector has remained in the doldrums since last month's placing by Elders of its 28 per cent stake in Scottish & Newcastle. Institutions sold other holdings to take up S & N stock.

Yesterday's publication of February beer production figures, which showed production had fallen by 10.3 per cent compared to the same period last year, provided little in the way of comfort to the sector. Analysts, however, pointed out that the size of the fall in production levels was not necessarily equivalent to the fall in consumption despite recent evidence of a fall in those figures too.

French Connection, the women's fashion group, dropped 9 to 43p following losses of £4.6m compared with losses of £990,000 last year.

Analysts at County NatWest said: "This is a familiar tale of hard times in UK fashion retailing, laced with a lack of management control and sensible direction." County forecasts that French Connection will lose £1m this year, but said that now most of the bad news is out of the way investors should hold rather than sell.

Cadbury Schweppes rose 10 to 329p as Shearson Lehman Hutton brought out a positive note and the shares met US institutional buying. Shearson said strong beverage consumption in the UK made Cadbury likely to outperform other consumer stocks over the longer term.

Storehouse rose 4 to 113p on talk that its Habitat chain was up for sale.

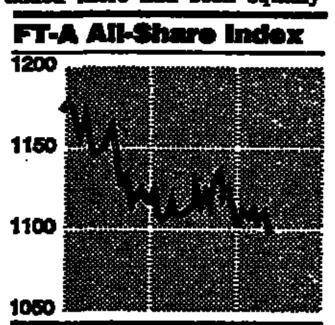
Brent Walker came under pressure early in the session and dropped to 290p before steadying to close at 292p, a net fall of 10, amid unconfirmed stories that one of the leading UK securities houses was about to downgrade the stock. Dealers said the fall was the result of an institutional selling order.

Explaining the persistent weakness in leisure stocks, Mr Roy Owens of Kitcat & Aitken said: "Brent Walker appears to be suffering from the Mecca malaise; that is, leisure companies are basically out of favour, particularly those that are very highly geared."

The oil and gas sector held up surprisingly well in the face of the latest downturn in crude oil prices. Brent for May delivery fell as low as $15.40 a barrel, compared with Monday's figure of $17.15, and was described by one specialist as under considerable pressure. He said the fundamentals for oil prices "look awful," and pointed out that the latest statistics issued by the American Petroleum Institute show a year-on-year increase in US crude oil supplies of some 45m barrels which, as he put it, "means there is a hell of a lot of oil about."

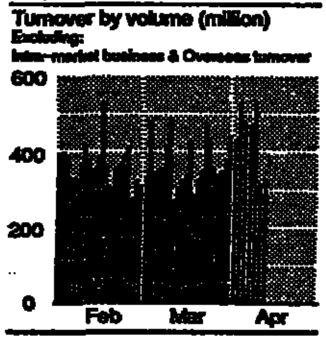
There was considerable selling of leading oil shares, he said, notably of BP, but he added there had been equally good buying of the stock, especially by one of the US investment houses. BP shares were 2¼ off at 314½p on turnover of 5.9m. Shell slipped 3 to 445p on 4.6m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



BAT Industries continued to give ground despite the assurance from Hoylake, Sir James Goldsmith's takeover consortium, that it will carry on with its fight to acquire BAT after this week's setback at the hands of the Californian Insurance Department. At 735p, the shares lost a further 5.

Wellcome declined 10 to 705p, with the market reacting quickly to the announcement from ML Laboratories that it has identified a compound potent in blocking the entry of HIV into body cells – a potential challenger to Retrovir, Wellcome's anti-Aids drug. ML Laboratories, a third market firm, advanced from 298p to 328p on the news.

MB Group closed unchanged at 200p, after 198p. The day began with news that Mr Murray Stuart, the company chairman, was to retire. That news was followed shortly after by the release of lower than forecast figures for the nine-month period to December 1989 revealing profits of £80.1m. CMB Packaging, in which MB holds a 25 per cent stake, shed 25 to 2050p, also after disappointing figures.

Smiths Industries declined 8 to 222p as the company reported interim figures. Half-year profits up 6 per cent to £50.1m were in line with market expectations, but analysts came away from the company meeting in cautious mood, reflecting on the cost of recent strike action by engineering unions at the company in support for a shorter working week, and the effect of the strike at Boeing, one of the company's main customers.

Albert E. Sharp, the broker, trimmed back full year profits expectations to £111m from its previous estimate of £122m.

Profit-taking left Rolls-Royce shares off 2 at 189p.

Good buying interest was noted in Dowty, which has been doing the rounds of City institutions this week. The shares added 7 at 211p.

Results below the market's worst fears left Kwik-Fit 9 lower at 71p. Full year profits for the year to February 1990 fell by 18 per cent to £15.12m.

Mr John Lawson of Nomura said: "The results were disappointing in the light of what had been hoped for the company even recently. The poor second-half performance coupled with high year-end gearing indicated that even if consumption picks up a little, the company will be hard pressed to even match last year's results."

Racal Electronics improved rapidly during the early part of the day with Smith New Court aggressive buyers of the shares. The Smith electronics team said the weakness of the stock over the past three months had been overdone. "They have not seen a slowdown in the cellular business and the Government network is doing well – things do not look as bad as the recent underperformance of the shares suggests," said Mr Tim Hirst, who continued: "Any stock selling on 13 times earnings and growing at 40 per cent is cheap."

US buying lifted British Airways 4 to 205p.

Withdrawal of the plans for corporate reconstruction stimulated support for Tranwood, the USM-listed financial services company.

The board now believes that the original objectives of the scheme are most likely to be attained by the company purchasing its existing shares in the market for cancellation. It intends, in due course, to apply for a full listing for Tranwood shares, up 2 yesterday at 25½.

Book publisher Musterlin, another USM stock, wilted on extremely poor annual results. The final dividend of only 1p was a shock because at the time of last October's rights issue the company forecast a payment of 3.75p. The shares ended 32 down at 140p.

Among a flood of trading results in the building sector, Amec came out with full year figures well below market expectations. Profits were up 48 per cent at £91.3m, against £61.6m, but some analysts had been looking for £100m-plus. The dividend total, 19p, also was below some estimates. The group wrote down £10m against its land bank. Amec shares fell 12 to 409p.

The land bank provisions made by Costain and Amec, and the recent wave of warnings from big building groups, had an immediate knock-on effect throughout the housebuilders, which in many cases suffered heavy falls.

■ Other Market statistics, including the FT-Actuaries share index, Page 27.

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (14).
BUILDINGS (1) ELECTRICALS (2) FOODS (1) INDUSTRIALS (2) Bowater 7.75pc Cv. Pf., Doctus, INSURANCE (1) TRUSTS (6) THIRD MARKET (1).
NEW LOWS (181).
AMERICANS (3) CANADIANS (1) BANKS (3) BREWERS (4) BUILDINGS (28) CHEMICALS (6) STORES (11) ELECTRICALS (16) ENGINEERING (3) FOODS (7) INDUSTRIALS (20) Arley, Bardon, Beckenham, Bespak, Brammer, British Vita, Courtney Pope, Dean & Bowes, ECC, EIS, Fiosello, Hawthorn Leslie, Hepworth, Macfarlane, Rank Org., Ricardo, Ropner, Do. A. Sale Tilney, Scott Robertson 7½pc Pf., Securicor A, Security Services, Smiths Inds., Southern Business, Storagard, WSP Hldgs., Walker Greenbank, Westerly, Wills, INSURANCE (3) LEISURE (4) MOTORS (1) NEWSPAPERS (1) PAPERS (8) PROPERTY (8) TEXTILES (3) TRANSPORT (8) TRUSTS (13) WATER (3) OILS (6) OVERSEAS TRADERS (2) MINES (16) THIRD MARKET (2).

FINANCIAL TIMES STOCK INDICES

	April 11	April 10	April 9	April 6	April 5	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	76.70	76.67	77.20	77.45	77.84	85.92	84.20 (2/1)	75.91 (21/3)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	85.76	85.95	86.00	86.32	86.53	96.77	92.91 (8/1)	85.12 (23/3)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1733.5	1732.5	1742.3	1740.2	1750.3	1674.0	1968.3 (3/1)	1732.5 (10/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	249.0	254.8	257.4	256.0	258.0	187.1	378.5 (6/2)	249.0 (11/4)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2215.5	2217.5	2227.7	2221.1	2229.5	2033.0	2463.7 (3/1)	2215.5 (11/4)	2463.7 (3/1/90)	986.9 (23/7/84)
Ord. Div. Yield	5.16	5.16	5.14	5.13	5.08	4.59				
Earning Yld %(full)	11.93	11.93	11.87	11.93	12.08	11.15				
P/E Ratio(Net)(*)	10.19	10.18	10.23	10.17	10.01	10.83				
SEAQ Bargns 4.45pm	18,981	18,993	21,986	37,426	34,007	24,053				
Equity Turnover(£m)†	-	577.54	590.53	949.64	1142.09	1333.99				
Equity Bargains†	-	20,391	24,208	39,873	38,688	28,009				
Shares Traded (ml)†	-	323.1	316.5	538.9	464.4	448.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. o Nil 10.09

Ordinary Share Index, Hourly changes — Day's High 1734.7 Day's Low 1730.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1733.6	1732.1	1732.0	1732.6	1730.1	1732.3	1730.3	1732.3	1732.2

FT-SE, Hourly changes — Day's High 2219.9 Day's Low 2211.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2217.9	2218.0	2216.1	2216.4	2212.3	2212.2	2212.4	2215.8	2215.6

GILT EDGED ACTIVITY

Indices	April 10	April 9
Gilt Edged Bargains	75.2	77.6
5-Day average	80.6	82.8

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. & Comm.	182	57		Hanson Warrants	8	54		Rank Org.	83	728	-7	Trafalgar House	1,000	317	-3
Brit. Aerospace	231	521	+2	Harrisons Cros.	626	163	-1	Reckitt & Colman	151	1145	-6	Trusthouse Forte	280	280	
British Airways	1,900	205	+4	Hawker Sidd.	407	652	-1	Redland	301	550	+3	Ultramar	3,500	352	-6
British Gas	3,000	208	-1	Hillsdown	2,200	229	+1	Reed Intl.	492	390		Unigate	787	285	-3
British Land	167	378	+2	IMI	254	230	+1	Reuters	803	1140	+4	Unilever	1,700	650	+1
BP	6,900	314½	-2½	ICI	240	1084		Rolls Royce	2,200	189	-2	United Biscuits	90	322	+1
British Steel	1,700	143	+1½	Inchcape	82	253	-2	Rothmans	11	637	-3	Utd. Newspapers	673	347	-1
British Telecom	1,900	266		Kingfisher	778	285	+2	Ryl Bk Scotland	832	183		Water Package Uts.	4	£1418	-15
Bunzl	6	91	-1	Ladbroke	338	288		Royal Insurance	287	465	+5	Wellcome	545	705	-10
Burmah Oil	193	623	+1	Land Securities	1,900	508	+6	STC	203	256	-2	Welsh Water	267	168	-2
Burton	704	158		Laporte	6	529		Saatchi	498	119	-3	Wessex Water	526	141	-1
Cable & Wire.	2,300	516	+13	Legal & General	168	371	+1	Sainsbury	307	254	+2	Whitbread "A"	304	382	+1
Cadburys	1,100	329	+10	Lloyds Abbey	89	302	+1	Scottish & New.	860	294	-3	Williams Hldgs.	965	258	+5
Calor Group	83	269	-1	Lloyds Bank	424	283	-1	Sears	768	92		Willis Faber	425	267	-1
Carlton Comms.	639	540	+5	LASMO	1,500	585½	-8½	Sedgwick	351	250	+1	Wimpey	87	237	-1
Coats Viyella	279	133		Lonrho	791	259	-3	Severn Trent Water	1,600	131	+1	Yorkshire Water	114	163	-3
Comm. Union	326	469	+7	Lucas	789	602	+2	Shell Transport	4,600	445	-3				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS—Contd

Index-Linked

1990 High	Low	Stock	Price £	+ or -	Yield (1)	Yield (2)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INT. BANK AND O'SEAS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Building Societies

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Public Board and Ind.

1990 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1990 High	Low	Stock	Price £	+ or -	Div %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

1990 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Contd

1990 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
35 13/16	27 ¼	Campbell Soup 15c	32¾xd	-⅛	$1.00	–	1.9
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADIANS

1990 High	Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on next page

APPOINTMENTS

Senior posts at United Scientific Holdings

■ Mr Tony Pearson has been appointed to the board of UNITED SCIENTIFIC HOLDINGS as director of finance and administration. He joined in 1983 as finance director of the group's Egyptian joint venture and became group company secretary in 1988. He succeeds Mr Nigel Young who has resigned to pursue other interests. Mr Brian White, managing director of Alvis, joins the main board as an executive director, retaining his previous post. Mr John Matthews becomes group company secretary.

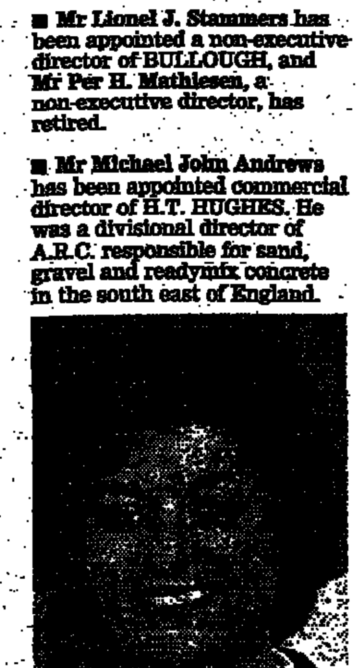
■ Mr Patrick Mahony and Mr Nick Swales have been appointed associate directors of WISE SPEKE, Newcastle-based stockbrokers.

■ H.H. ROBERTSON (UK), Ellesmere Port, has appointed Mr Colin Holme as director of UK sales; promoted Mr Ray Russell to director of construction and engineering; and Mr Geoff Antrobus is promoted to director of export sales.

■ WATMOUGHS (HOLDINGS) has appointed Mr Neville Keighley as production director and Mr Alister Scotland as finance director of Watmoughs Financial Print; and Mrs Wieshe Porritt as a director of the handwork section of Jowetts Direct.

■ Mr Lionel J. Stammers has been appointed a non-executive director of BULLOUGH, and Mr Per H. Mathiesen, a non-executive director, has retired.

■ Mr Michael John Andrews has been appointed commercial director of H.T. HUGHES. He was a divisional director of A.R.C. responsible for sand, gravel and readymix concrete in the south east of England.



Ms Sue Muller *(above)* has been appointed managing director of SIEGEL AND STOCKMAN, mannequin manufacturer, part of C.H. Industrials.

■ Mr Martin R. Riley has been appointed a director of YELVERTON INVESTMENTS. Mr Richard Q. Hoare, a director, has resigned, returning to his bank. Mr Riley is a director of Henderson Crosthwaite, and of Guinness Mahon Asset Management.

■ Mr Brian Hoskin has been appointed chief executive officer of IMMUNOLOGY, Cambridge. He was general manager of Coopers Animal Health.

■ Mr Ron F. Bradley has been appointed managing director of JOSEPH ARNOLD & SONS, Leighton Buzzard. He was deputy managing director of British Industrial Sand, and group marketing director of the Hepworth Iron Co.

■ Mr Philip Judd, managing director of Sonic Plates, and of R. & B. Litho Reproductions, and Mr Nicholas Toms, managing director of James Upton, have been appointed to the TINSLEY ROBOR group board. Mr Barry Walford, an executive director, leaves the group on June 1.

■ CHARTERHOUSE TILNEY has appointed Mr Joe Hunter as an assistant director. He will be in charge of the new Glasgow office. He joins from sister company Capital House where he was a senior manager, and is joined by Mr David Hall, an assistant director from the Liverpool office. Both are Royal Bank of Scotland Group companies.

Mr Chris Jones *(above)*, managing director of J. WALTER THOMPSON in London, has been appointed to the agency's worldwide board.

■ Mr Godfrey Bland has been appointed managing director, UK market research, information division, MAI.

■ Mr Gary Barton, has been appointed commercial director of ASHBY & HORNER, a P&O company.

■ NORSTEAD ENGINEERING SYSTEMS has appointed Mr Ed Williams to the board.

■ Mr John Marples has joined THE BRITISH LAND CO. His prime responsibility will be for acquisitions, and he has been appointed a director of British Land Developments. Mr James Ritblat has left Morgan Grenfell Laurie and joined British Land.

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
303	239	ANZ SA1	239	–2	44c	1.4	8.3	8.5
196	172	Abbey National 10p	191	–1	5.7	4.3	4.0	7.7
292	238	Allied Irish Ord	264	+2	‡Q68%	3.3	3.1	13.6
£13¾	£11⅞	Algemene Fl.10	£12⅛	–⅛	Q28%	2.0	7.3	6.8
85	73	Anglo Irish	80	–2	Q18.7%	2.7	5.5	10.9
81	71	Ansbacher (H.) 1p	72	......	2.5	1.3	4.6	20.7
£70¾	£54¼	Bancaire Cie Fr100	£67	+¼	‡Q12¼%	–	2.1	–
£22¾	£16⅝	Banco Bilbao Vlc	£16⅝	......	Q17.9%	2.0	4.3	11.5
£31	£24¼	Banco de Santander	£24¼	......	Q25%	2.4	4.7	8.9
286	248	Bank Ireland Ir£1	265	+4	‡Q12.7%	3.2	4.4	9.1
£19½	£16	Bank Leumi	£19½	......	–	–	–	–
350	320	Bank Leumi (U.K.)	345	......	†13.5	–	5.2	–
125	110	Bank Scotland	112	+1	†3.8	3.6	4.5	8.1
100¾	90	Do. 9¼pc Irrd Pf	92½	+½	9¼%	–	13.5	–
54	52	Bank of Wales	52	......	2.8	1.6	7.2	10.9
599	539	Barclays £1	574	......	27.4	3.5	6.4	5.7
23	16	Benchmark 20p	16	......	1.63	1.0	13.5	9.2
335	310	Brown Shipley £1	315	......	†10.5	–	4.4	–
455	403	Cater Allen £1	403	......	23.5	–	7.8	–
179	149	Chancery	165	–2	†8.0	2.8	6.5	7.3
£23¾	£19¾	Commerzbk DM10	£20¼	–¼	Q18%	–	3.2	–
£27	£25⅞	C'bgn.Hbk.Kr100	£24¾	–¼	Q15%	–	5.6	–
£13¼	863	Dai Ichi KBk Y50	863	–30	‡Q16%	8.8	0.3	33.0
£313¾	£262¼	Deutsche Bk DM50	£285½	–1½	Q28%	–	1.8	–
£20¾	£19	Espirito Santo	£20	......	075c	3.3	2.3	13.6
253	211	First Nat. Fin. 10p	231	......	13.0	2.4	7.5	7.1
121	106	FNFC 6.3pc Cv. Pf	117	–3	6.3%	–	7.2	–
£15¼	953	Fuji Bank Y50	£10⅛	+⅛	Q15.6%	4.2	0.3	–
325	269	Gerrard & National	279	......	18.5	–	8.9	–
154	146	Guinness Mahon 10p	146	......	¢2.1	–	1.9	–
328	264	Hambros 20p	270	......	†10.0	–	4.9	–
128	106	Do. 7.5pc Cv Pf	107	......	7½%	–	9.3	–
59	53½	HK & Shang. HK$2.50	54½	......	Q42c	–	6.0	–
478	458	Joseph (Leo) £1	458	......	15.85	–	4.6	–

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

MINES—Contd

[illegible]

THIRD MARKET

[illegible]

High	Low	Stock	Price	+ or -	Div Net	C'vr	Gr's	P/E
14	11	Scott Pickford 20p	14	......	G0.56	3.8	5.0	4.4
38	24	Sempernova	25	......	–	–	–	5.5
31	24	Sleepy Kids 5p	30	......	–	–	–	–
2¼	1½	Swanyard Studios 1p	1¾	......	–	–	–	8.4
94	64	Tomorrows Leisure 20p	64	–5	–	–	–	24.3
55	35	UPL Group 10p	42	......	‡2.75	1.9	‡	7.9
170	128	Unit Group	170	+3	5.0	3.3	3.9	9.7
89	77	Video Magic Leis. 1p	77	......	W2.0	0.7	3.5	61.7
5¼	4	Visia Ents 5p	4¼	......	–	–	–	–
18	13	Vizcaya Hldgs 5p	13	......	–	–	–	–
43½	31½	Whitegate Leisure 20p	32	......	0.25	1.7	1.0	68.5
29	15	Do. Wrrnts	15	......	–	–	–	–
5½	4	Wilton Group 1p	4¼	–¼	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ‡ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p γ	78	......
Craig & Rose £1 γ	810	......
Finlay Pkg. 5p γ	56	–1
Holt (Jos) 25p γ	1320	–3

Arnotts	450	......
Carrol (P.J.) γ	160	–2
Hall (R. & H.)	140xd	+2
Helton Hldgs. γ	75	......
IRG	215xd	......
United Drug	165	......

IRISH

Cap. 8½% Ln. 1991	£97	+½
9pc Cap Ln. 1996	£93¼	+¼
Fin. 13% 97/02	£110	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5¼
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd	50
Polly Peck	37
Racal Elect	19
RHM	35
Rank Org Ord	68
Reed Intnl	33
STC	20
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
Wellcome	68

Property	
Brit Land	32
Control Secs	5
Land Securities	46
MEPC	44
Mountleigh	24

Oils	
Aviva Petlm	5½
Brit Petroleum	28
Burmah Oil	52
Conroy Petlm	12
Gaelic Res	4½
Premier	10
Shell	37
Tuskar Res	10
Ultramar	31

Mines	
Lonrho	22
RTZ	45

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	51.78	52.35	55.70	-0.31	4.92
Gilts & Fixed Int	6	101.3	101.3xd	107.4	-0.1	10.21
High Inc Equity	6	127.5	130.0xd	139.2	.....	4.56
Worldwide Bond	6	196.5	196.5	208.2	+0.1	6.20
Capital Growth						
American Growth	6	188.7	190.6	202.8	-0.1	1.02
Asian Pacific	6	133.1	136.1	144.8	+1.9	0.00
Assets & Earnings	6	149.6	149.6	160.1	.....	3.03
Capital Reserve Acc	0	89.38	89.38	89.46	-0.02	6.71
Capital Reserve Inc	0	75.11	75.11xd	75.18	-0.03	7.98
Comdty & Energy	6	102.9	102.9xd	110.1	-0.9	0.76
Dividend & Growth	6	45.21	46.23	49.19	-0.11	4.57
1992 Enterprise	6	60.12	61.49	65.42	+0.12	2.45
Euro Capital Acc	6	105.0	105.0	112.3	+0.2	0.85
Euro Capital Inc	6	100.8	100.8xd	107.9	+0.3	0.88
General	6	166.9	166.9	178.6	+0.2	2.80
International	6	59.72	60.44	64.30	-0.02	0.78
Japan	6	92.30	92.30	98.72	-0.28	0.00
Mastertrust	6	88.23	88.23	94.37	-0.03	1.49
UK Growth Acc	6	170.6	170.6	182.5	+0.3	1.56
UK Growth Dist	6	111.5	111.5xd	119.3	+0.2	2.39
US Emerging Cos	6	55.66	57.10	60.75	.....	0.00
Income & Growth	6	291.0	298.0	317.1	+0.6	3.23
Ethical	6	46.43	46.43	49.66	+0.05	2.01

Abtrust Management Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Inc & Growth	5¼	32.41	32.41xd	34.60	-0.11	2.26
European	5¼	92.08	92.24	98.47	+0.08	0.00
European Income	5¼	89.45	89.45xd	95.47	+0.26	1.51
Exempt	1	719.6	719.6xd	740.2	+1.00	1.46
Exempt Income	3¼	170.3	170.3	180.7	-0.30	4.92

Brown Shipley & Co Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
North American	6	63.60	63.70	68.04	+0.20	0.38
Orient ♦	6	115.4	116.1	124.3	-0.30	0.38
Recovery	6	49.02	49.02	52.21	-0.42	3.80
Smaller Cos Acc	6	249.1	249.1xd	266.5	-2.10	–
Smaller Cos Inc	6	153.7	153.7xd	164.5	-1.20	1.28

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	181.7	181.7xd	188.3	.....	5.26

Buckmaster Mangmt Co Ltd (1200)H
15 St Botolph Street, London EC3A 7JJ 01-247 4542

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Emerging Gwth	5¼	57.84	57.84	61.34	-0.3	3.40
(Accum Units)	5¼	59.89	59.89	63.48	-0.5	3.40
Fellowship Tst	5¼	61.09	61.63	65.57	+0.02	3.73
(Accum Units)	5¼	63.87	64.43	68.55	+0.02	3.73
General Inc	5¼	280.1	280.1	296.9	—	3.84
(Accum Units)	5¼	479.9	479.9	508.7	.....	3.84
Income	5¼	150.0	152.5	161.8	-0.4	4.80
(Accum Units)	5¼	297.4	302.3	320.7	-0.8	4.80
International	5¼	111.5	111.5	118.2	-0.3	1.00
(Accum Units)	5¼	154.2	154.2	163.5	-0.4	1.00
Smaller Co's	5¼	98.53	98.53	104.4	-0.1	2.07
(Accum Units)	5¼	109.3	109.3	115.9	.....	2.07
Inv Portfolio	3	52.54	53.72	55.67	+0.12	3.24
(Accum Units)	3	55.08	56.31	58.36	+0.12	3.24
High Income Port	3	43.93	44.23	46.35	-0.03	5.67

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 01-480 7216

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Short Dated Gilt	1¼	55.24	55.24xd	56.08	-0.03	12.95

CCF Foster Braithwaite UT Mngt (1100)F
1 White Hart Yard, London SE1 1NX 01-407 5966

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CCF Sel High Inc Eqty	5½	45.73	45.73	49.51	+0.12	5.5
CCF Sel Intl Gwth	5½	47.31	47.31	50.89	-0.07	1.47
CCF Sel Inv Tst	5½	45.21	45.21	49.26	+0.23	2.0
CCF Sel UK Sm Co's	5½	45.22	45.22	49.71	+0.06	1.00

CCL Unit Trusts Ltd (1400)F
74 Shepherds Bush Grn, W12 8SD 01-740 7070

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK General Tst	5½	51.78	52.97	56.35	-0.11	2.86
Global Tst	5½	45.59	46.12	49.06	-0.12	0.35
Recovery Tst	5½	44.51	44.51xd	47.35	-1.53	1.92

CIBC Unit Tst Managers plc (1200)H

[illegible]

Pembroke Administration Ltd (1700)F
18-19 Southampton Pl, London WC1A 2AJ 01-430 0556

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pembroke Accum	5	85.19	85.98	91.13	—	2.43

Perpetual Unit Tst Mngmt (1200)F
48 Hart Street, Henley on Thames 0491 576868

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Gwth	5¼	346.14	346.14	370.21	-0.89	1.05
Income	5	225.81	225.81xd	241.51	-0.01	5.10
W'wide Recovery	5¼	208.01	208.01	222.48	-0.33	1.08
American Growth	5¼	95.08	95.08	101.69	-0.31	1.33
Intl Emerging Cos	5¼	97.16	97.16	105.42	-0.39	3.46
Far East Gwth	5¼	134.66	134.66	144.03	+0.46	2.04
European Gwth	5¼	100.85	101.34	108.39	+0.17	1.52

Schroder Unit Trusts Ltd—Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Japan Smllr Cos ♦	5¼	324.4	327.3	348.4	+1.90	0.00
(Accum Units) ♦	5¼	325.1	328.2	349.1	+1.90	0.00
Pacific Gwth ♦	5¼	49.15	50.16xd	53.36	+0.26	1.97
(Accum Units) ♦	5¼	49.39	50.41	53.62	+0.26	1.97
Smaller Co's	5¼	158.0	164.1	174.5	-0.50	2.83
(Accum Units)	5¼	173.3	180.0	191.4	-0.40	2.83
Tokyo ♦	5¼	78.32	79.07	84.11	-0.42	0.00
(Accum Units) ♦	5¼	79.11	79.87	84.96	-0.43	0.00
UK Equity	5¼	147.4	148.7xd	158.1	-0.20	3.50
(Accum Units)	5¼	247.2	249.3	265.2	-0.40	3.50
US Smllr Cos	5¼	48.85	49.97	53.15	-0.23	0.00
(Accum Units)	5¼	48.85	49.97	53.15	-0.23	0.00
Institutional Funds						

[illegible]

Merlin Jupiter Unit Tst Mgrs Ltd (0905)F
197 Knightsbridge, London SW7 1RB 01-581 3020

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Cap	5	102.0	104.8	111.4	+0.2	0.91
Income	5	89.06	89.06	94.74	-0.38	4.47
Resources & General	5	114.1	115.5	122.8	-1.2	2.63
Special Sits	5	32.73	32.73	34.81	-1.31	3.85
International	5	55.84	55.84	59.40	-0.36	2.90
Ecology	5	59.57	60.87xd	64.75	-0.32	1.86

† Dealing Day: Wed. *Dealing day: Thurs.

Pearl Unit Trusts Ltd (1000)H
PO Box 500, Thorpe Wood, Peterborough PE3 6GD
Dealing: 0800 626577 Enquiries: 0733 67767

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Growth	5	112.8	115.2	121.2	+0.1	3.43
(Accum Units)	5	179.7	183.6	193.2	+0.1	3.43
Income	6	167.7	170.8xd	181.6	-0.1	4.71
Equity	6	170.9	173.9	184.9	+0.1	3.28
(Accum Units)	6	322.3	327.9	348.8	+0.1	3.28
Intl Equity	6	174.3	176.6	187.6	—	1.99
(Accum Units)	6	183.2	185.5	197.2	—	1.99
UK Income	6	46.27	47.02	50.02	+0.05	4.64
UK Intl 25	6	46.39	47.02	50.01	+0.03	2.56

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GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Grs
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	52.56	53.42	56.97	+0.14	0.19
(Accum Units)	5	54.08	54.97	58.63	+0.15	0.19
European Opps	5	78.50	78.82	84.07	+0.15	0.00
(Accum Units)	5	78.95	79.26	84.53	+0.15	0.08
Far Eastern Opps	5	133.25	133.55	142.44	+0.12	0.00
(Accum Units)	5	134.11	134.40	143.35	+0.12	0.00
Golden Opps	5	39.74	39.74	42.39	-0.47	0.00
(Accum Units)	5	40.88	40.88	43.59	-0.49	0.00
Intl Hi-Yield	5	59.96	59.97	63.95	-0.81	4.31
(Accum Units)	5	65.36	65.37	69.71	-0.81	4.31
Sanyo Japan Tst	5	61.82	61.82	65.94	-0.79	0.00
(Accum Units)	5	61.82	61.82	65.94	-0.79	0.00
Kangaroo	5	30.10	30.10	32.09	-0.39	1.29
(Accum Units)	5	30.27	30.27	32.28	-0.39	1.29
Oriental Income	5	33.07	33.14	35.34	+0.08	4.94
(Accum Units)	5	37.58	37.65	40.15	+0.09	4.94
Pacific Technology	5	60.05	60.65	64.68	-0.34	0.00
(Accum Units)	5	61.14	61.14	65.21	-0.18	0.00
Tiger	5	151.27	151.27	161.34	+0.43	0.67
(Accum Units)	5	153.63	153.63	163.86	+0.44	0.67
UK Hi-Yield	5	42.87	42.87	45.72	-0.20	4.99
(Accum Units)	5	49.02	49.02	52.27	-0.23	4.99
UK Opps	5	53.56	56.10	59.99	-0.14	0.70
(Accum Units)	5	58.28	61.04	65.28	-0.15	0.70
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034						
Balanced Portfolio	6	91.28	93.00	98.94		4.00
Timberlake Unit Trust Mngrs Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 01-407 5966						
Portfolio	2	97.44	97.44	100.3	+0.42	1.2
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing—12 Noon Historic						
TR American Gwth	5¼	47.61	47.61	50.78	-0.28	0
TR Eur Sp Sits Acc	5¼	45.12	45.12	48.05	+0.15	0
TR Eur Sp Sits Inc	5¼	44.24	44.24	47.11	+0.14	0
TR Far East Opps Inc	5¼	23.74	23.74	25.10	+0.15	–
TR Far East Opps Acc	5¼	23.74	23.74	25.10	+0.15	–
TR General Growth	5¼	72.66	72.66	77.29	-0.01	2.65

	Bid Price	Offer Price	+ or –	Yield Gross
NM Rothschild Asset Management Ltd				
NC Managed	56.5	60.2	—	3.80
NC Property	191.9	209.7	—	–
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.9	144.4	—	3.58
Stewart Ivory & Co Ltd				
Saints PPP Mar 14	256.5	269.0	—	0.00
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt Apr 2	100.80	107.47	—	3.86
(Accum Units)	101.58	108.33	—	3.85
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1198	1214	—	1.49
TR Exempt Nth Amer	977	989	—	3.29
TR Exempt Pac Basin	835	847	—	0

INSURANCES

	Bid Price	Offer Price	+ or –	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Mar 9	–	169.5	—	–
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	298.6	314.4	—	–
Equity Ser. 2	127.3	134.1	+0.4	–
Prop. Acc. Ser 2	460.3	484.6	—	–
Equity Ser 2	147.6	155.4	+0.3	–
Selective Acc	339.1	357.0	+0.2	–
Prop. Ser. 4	360.6	379.6	—	–
Equity Ser. 4	151.3	159.3	+0.2	–

	Bid Price	Offer Price	+ or –	Yield Gross
Laurentian Life plc—Contd.				
formerly Trident Life				
Life Funds				
Equity Ser 3 Acc	473.9	498.8	-0.1	–
Gtd Managed Acc	334.5	352.1	+0.1	–
Pension Funds				
Pens Equity	636.5	670.0	-0.1	–
Pens Managed	588.3	619.3	-0.2	–
Pens Gilt-Edge	361.5	380.5	+0.2	–
Pens Deposit	376.9	396.7	—	–
Pens Property	571.8	601.9		–
Swiss Bond	182.1	191.7	+0.3	–

	Bid Price	Offer Price	+ or –	Yield Gross
Merchant Investors Assurance Co Ltd—Contd.				
MI UK Fund		339.2	+0.2	–
MI UK Pens		643.9	+0.6	–
MI Intl Equity		380.3	-0.6	–
MI Intl Equity Pens		592.8	-1.2	–
MI International Fund		364.3	-0.4	–
MI Intl Fd Pens		528.9	-0.9	–
MI Nth American Equity Fund		138.5	-0.7	–
MI Nth Am Equity Pens		155.1	-0.9	–
MI Far East Equity Fund		301.9	-1.4	–
MI Far East Equity Pens		399.6	-2.5	–

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	Bid Price	Offer Price	+ or -	Yield Gross
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	101.5	106.9	-0.3	-
Managed Growth	138.1	145.4	-0.6	-
Managed Opportunity	141.6	149.1	-0.6	-
NFMC Target Financial	100.2	105.5	-0.3	-
Pension Funds				
Managed Cautionary	106.6	112.3	-0.2	-
Managed Growth	142.3	149.8	-0.5	-
Managed Opportunity	143.2	150.8	-0.5	-
NFMC Target Mngd Pens	1486.4	1564.7	-0.2	-
National Mutual Life				
The Priory, Priory Pk, Hitchin SG5 2DW 0462 422422				
Managed Fund	219.2	230.8	-0.7	-
Managed Prospect Fund	183.9	193.6	-0.7	-
Pens Managed	284.7	299.7	-3.3	-
Pens UK Equity	330.7	348.2	-4.3	-
Pens Overseas Equity	403.1	424.4	-6.3	-
Pens Property	148.3	156.2	+0.3	-
Pens Fixed Interest	169.9	178.9	...	-
Pens Index Linked	143.6	151.2	+0.6	-
Pens Deposit	193.5	203.7	+0.6	-
Harvester & P.R.P.				
UK Equity	144.6	152.3	-1.8	-
Overseas Equity	144.3	151.9	-2.3	-
Fixed Interest	126.1	122.3	...	-
Property	123.5	130.0	+0.2	-
Index Linked	130.5	137.4	+0.5	-
Deposit	134.3	141.4	+0.4	-
Managed	143.5	151.1	-1.6	-
With Profits	137.0	144.3	+0.3	-
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 01-623 4200				
Managed	334.7	352.4	+0.3	-
UK Equity	421.8	444.1	+0.1	-
Overseas Eq	357.2	376.0	+0.5	-
Americas	267.5	281.6	-0.1	-
Far East	365.1	384.4	+0.9	-
Property	217.6	229.1	+0.1	-
Fixed Int	210.3	221.4	+0.4	-
Indexed Gilts	136.0	143.2	-0.1	-
Deposit	161.9	170.5	...	-

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capitol Life Assc. Co Ltd — Contd.				
UK Managed Initial		113.6	+0.1	-
Property Initial		166.1	-0.1	-
Money Initial		79.8	+0.1	-
Special Market Initial		131.0	-0.1	-
Japan Equity Initial		94.3	-0.4	-
North American Initial		83.7	-0.1	-
Pacific Initial		77.5	+0.2	-
Technology Initial		94.2	+0.3	-
Nat Resources Initial		57.2	-0.2	-
European Initial		108.9	...	-
Residential Prop Init		99.4	...	-
Swiss Equities Initial		36.5	-0.4	-
Hong Kong Initial		49.5	...	-
UK High Inc Eq Init		66.7	+0.3	-
Int Fixed Interest Init		48.8	-0.1	-
Int Managed Init		56.5	-0.1	-
HIP Managed Init		112.4	+0.4	-
HIP Managed II Initial		97.7	...	-
Broker Funds				
High Performance	74.9	79.0	...	-
Towerhill Mngd Fd Acc	39.5	42.2	-0.4	-
YRA Executive Fd	92.2	97.2	-0.1	-
£ Global Growth Acc	130.5	137.6	...	-
£ High Income Money Acc	111.4	117.7	...	-
HA Balanced		56.1	+0.3	-
H.F. Speculator Fd		152.2	+1.3	-
PEP Acorn II		120.9	+0.1	-
PEP Cautionary		85.6	-0.4	-
AAFS Int Man Fund		117.9	-0.3	-
Andrews-Green Inv Port		97.8	...	-
Individual Pension Funds				
UK Equity Acc	217.6	229.6	+1.1	-
UK Fixed Interest Acc	172.8	182.3	-0.9	-
Intl Equities Acc	250.2	264.0	-0.3	-
UK Managed Acc	178.7	188.5	+0.3	-
Property Acc	208.8	220.3	-0.1	-
Money Acc	138.1	146.7	...	-
Special Market Acc	261.9	276.3	+0.2	-
Japan Equity Acc	191.1	201.6	-0.8	-
North American Acc	130.6	137.8	-0.5	-
Pacific Acc	189.5	199.9	+0.6	-
Technology Acc	155.6	164.2	+0.5	-
Natural Resources Acc	112.8	119.0	-0.4	-
European Acc	145.9	154.0	...	-
Residential Prop Acc	109.3	115.4	...	-

Royal Heritage Life Assurance Ltd—Contd.

Skandia Life Assurance Co Ltd—Contd.

Sun Alliance Group—Contd.

UK Life Assurance Co Ltd—Contd.

Towry Law & Co—Contd.

Capital House Fund Mgrs—Contd.

Gartmore Fund Managers International Ltd

J. D. Ward Financial Services Ltd

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

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SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

DUBLIN (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or −	Yield Gross
Unico Financial Services SA Lux				
DG Investment Bank Ltd				
Unico Invest. Fund	DM70 05	72.20	----	3.00
Unico Equity Fund	DM64.18	66.11	----	3.00
Union-Investment-Gesellschaft GmbH				
Unifonds	DM38 41	40 40	-0 40	–
Unirak	DM82.30	86.45	-0 35	–
Univenta	DM34.45	35.50	-0.10	–
Viking Fund–SICAV				
♦NAV Apr 10 Ecu80 00				
Warburg Inv Mngmt (Isle of Man) Ltd				
Mercury 90:10 Trust (Sicav)				
Dollar Fd BOPUPs	$10 14	10 15	----	–
Dollar Fd OPUPs	$10.05	10.11	----	–
Sterling Fd BOPUPs	£10 01	10 02	----	–
Sterling Fd OPUPs	£11.31	11.37	----	–
DM Fd BOPUPs	DM9 92	9.93	----	–
DM Fd OPUPs	DM9 79	9 85	----	–
Yen Fd BOPUPs	¥7.27	7 28	----	–
Yen Fd OPUPs	¥9.96	10.03	----	–
Wardley Investment Services Ltd				
Wardley S E. Asia Tst	$12.01	12 74	+0.02	0 86
Japanese Warrants	$7.42	7 86	+0 41	–
Asian Warrants	$9.09	9.63	-0.02	–
European Warrants	$9 88	10.47	+0.10	–
Wells Fargo U.S. IT Fund				
NAV April 10		$9 70	----	–
Xiphias International Investment Fd Ltd				
Xiphias Int USD		$0 9985	----	–
Xiphias Int ECU		Ecu1 0023	----	–
Yamaichi Dynamic Mngt Co SA				
Advanced Tech		$21.79	----	–

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD			0732 770114	
Cafcash Deposit Fd	14 49	–	15.30	3-Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	14.80	–	15.64	3-Mth
Gartmore Money Management Ltd				
2-3 White Hart Yard, London SE1R 1NX			01-236 1425	
Call Fnd	14.74	11.50	15 77	6-Mth
7-day Fund	14.22	11.09	15.20	6-Mth
Special Fund	14 63	–	16 05	6Mth
Dollar	7 00	5 46	7 45	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int C
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY.			01-638 6070	
Treasury Acc	13.50	10.53	14.60	Qtr
Mth Int Chq £1,000-£4,999	13.50	10.53	14 73	Mth
Mth Int Chq £5,000-£49,999	14.00	10 92	15.31	Mth
Mth Int Chq £50,000+	14 50	11.31	15.88	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-629 6802	
OMNA (£2,001+)	14 78	11.57	16.265	Mth
HICA (£2,001+)	13 90	10 88	15 248	Mth
PROMNA (£250,001+)	14 90	11 66	16.404	–
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN			01-625 7000	
2,000-9,999	13.782	10 750	14 921	Qtr
£10,000+	14.103	11.000	15.283	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01 601 6746	
Money Mkt Cheque Acc	13 6	10.61	14.85	Mth
Barclays Capital Advantage Account				
94 St Paul's Churchyard EC4M 8EH			01-248 9155	
£10,000+	13.50	10.75	14.92	Qtr
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton			0604 252891	
£1,000-£2,499	11 80	9.20	12 47	Qtr
£2,500+	12.20	9 50	13.13	Qtr
Benchmark Bank PLC Premier Account				
86 Newman Street, W1P 3LD.			01-631 3313	
Small Deposits	10.50	–	–	–
£2,500-£10,000	13 50	10.53	14.60	Qtr
£10,001-£20,000	13.75	10 73	14 89	Qtr
£20,000+	14.50	11.31	15.73	Qtr
B & C Merchant Bank PLC Portfolio Acc				
19 Motcomb Street, London SW1X 8LB			01-245 6616	
£2,500-£9,999	12.38	9.65	13.26	Qtr
£10,000-£49,999	13.75	10.73	14 94	Qtr
£50,000 and above	14.25	11.12	15 50	Qtr
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2			01-606 9833	
Demand Acc.	13.625	10.66	14.79	Qtr
Cater Allen Ltd				
25 Birchin Lane, London EC3V 9DJ			01-623 2070	
HICA	13.50	10.5638	14 7874	Mth
Consort £5,000 min.	14.250	11.1506	15 6514	Mth
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH.			01-248 4000	
Sterling	13.00	10.14	14.17	Mth
U.S. Dollar	7.00	5.46	7.47	Mth
German Marks	6.50	5.09	6.94	Mth
Swiss francs	6.00	4.70	6.40	Mth
Japanese Yen	4.50	3.52	4.77	Mth
Citibank Savings				
St Martins Hse. Hammersmith Grove W6			01-741 4941	
Money Market Plus				
£2,000-£24,999	11.00	8.50	11.79	Mth
£25,000	11.50	9.00	12.31	Mth
Clydesdale Bank PLC				
30 St Vincent Place, Glasgow G1 2HL			041 248 7070	
HICA £2,000-£9,999	12.2	9.52	13.15	Qtr
£10,000-£19,999	13.0	10 14	14.04	Qtr
£20,000-£49,999	13.2	10.30	14.27	Qtr
£50,000+	13.7	10.69	14.83	Qtr
Co-operative Bank Top Tier				
78-80 Cornhill EC3			0800 616162	
£500-£999	10.2	8.0	10.9	6-Mth
£1,000-£2,499	11.5	9.0	12.3	6-Mth
£2,500-£9,999	12.1	9.5	13.0	6-Mth
£10,000-£49,999	13.4	10.5	14.4	6-Mth
£50,000+	13.7	10.75	14.7	–
Coutts & Co				
Reserve Account				
440 Strand, London WC2R 0QS			01-753 1000	
For personal customers				
£50,000+	13.375	10 125	14 02	Qtr

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Support fails to boost yen

THE YEN was little changed in subdued foreign exchange trading yesterday, despite co-ordinated intervention by European central banks. Earlier in Tokyo the Bank of Japan sold an estimated $200m to $300m to support the yen, but by the time London closed there was no sign of intervention by the US Federal Reserve.

Dealers noted that although central banks have propped up the yen since last week-end's Group of Seven meeting, this has simply involved selling dollars. As far as European central banks are concerned, this is only a matter of shuffling foreign exchange reserves. The market would be much more impressed if the West German Bundesbank sold D-Marks to support the yen, particularly since there was strong speculative buying of the D-Mark against the yen yesterday. In London the D-Mark finished at Y94.45, compared with Y93.80 previously.

The Bundesbank, Bank of England, Bank of France, Bank of Italy, and Swiss National Bank lent support to the yen by selling dollars, but at the close of London trading the dollar had fallen only slightly, to Y158.20 from Y158.55. The US currency was notably weaker against D-Mark and other European currencies, slipping to DM1.6745 from DM1.6905; to SFr1.4845 from SFr1.4965; and to FFr5.6300 from FFr5.6775. The dollar's index fell to 68.3 from 68.6.

The view from Bonn that German monetary union will not fuel inflation, expressed on Tuesday by the West German Economics Minister, led to demand for the D-Mark. This was mainly at the expense of the yen and the Spanish peseta, but the Italian lira and French franc also weakened against the German currency. The peseta remained the strongest member of the European Monetary System, but declined against the D-Mark and members of the system in general. At the London close the D-Mark had advanced to L736.35 from L734.50 and to FFr3.3620 from FFr3.3585.

Sterling showed no marked direction, rising against the dollar and yen, but weakening against the D-Mark and most Continental currencies. The mood was nervous ahead of today's figures on UK retail prices and average earning's. City economists expect the March year-on-year inflation rate to rise to about 8.0 per cent from 7.5, and will use the result as a guide to the likely figure for April. If the annualised March rise is higher than 8.0 per cent it will increase fears that inflation could nudge up towards double figures later in the year.

There is also concern that February average earnings will show an underlying rise to 9.5 per cent from 9.25, adding to the the UK Government's problems on inflation.

The pound rose 85 points to $1.6435 and improved to Y260.00 from Y259.25, but fell to DM2.7525 from DM2.7650; to SFr2.4400 from SFr2.4475; and to FFr9.2525 from FFr9.2825. Sterling's index declined 0.1 to 87.1.

£ IN NEW YORK

Apr.11	Latest	Previous Close
£ Spot	1.6420-1.6430	1.6450-1.6460
1 month	0.87-0.86pm	0.93-0.92pm
3 months	2.60-2.57pm	2.64-2.61pm
12 months	9.60-9.50pm	9.60-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.11	Previous
8.30 am	87.0	87.1
9.00 am	87.0	87.0
10.00 am	87.0	87.1
11.00 am	87.0	87.1
Noon	87.0	87.1
1.00 pm	87.1	87.1
2.00 pm	87.1	87.1
3.00 pm	87.1	87.1
4.00 pm	87.1	87.2

CURRENCY RATES

Apr.11	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.795959	0.742186
U.S Dollar	7	1.30004	1.21941
Canadian $	13.32	1.50987	1.41659
Austrian Sch.	6½	15.4809	14.3732
Belgian Franc	10¼	45.4851	42.2740
Danish Krone	10½	8.40411	7.80424
Deutsche Mark	6.00	205.536	2.04251
Neth.Guilder	7.00	2.47658	2.30030
French Franc	10¼	7.38683	6.86834
Italian Lira	13½	1615.11	1503.41
Japanese Yen	5¼	205.936	193.277
Norway Krone	8	8.52306	7.95666

EURO-CURRENCY INTEREST RATES

POUND SPOT- FORWARD AGAINST THE POUND

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

OTHER CURRENCIES

	£	$
Mexico	4582.55-4601.80	2790.00-2800.00
N. Zealand	2.8300-2.8345	1.7240-1.7260
Saudi Ar.	6.1555-6.1610	3.7500-3.7510
Singapore	3.0780-3.0850	1.8755-1.8775
S. Af (Cm)	4.3350-4.3460	2.6450-2.6465
S. Af (Fn)	6.4335-6.5635	3.9210-4.0000
Taiwan	43.05-43.15	26.25-26.30
U.A.E.	6.0265-6.0340	3.6720-3.6730

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

	Open	Close	Change	High	Low	Yield	Open Int.
June	89.95	89.96	-	89.99	89.93	10.04	16,160
September	90.00	90.05	+0.02	90.07	90.00	9.96	5,990
December	90.06	90.06	-0.03	90.10	90.05	9.95	2,495
March	-	-	-	-	-	9.96	87

Estimated volume 6,299 Total Open Interest 24,732

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int.
April	2088.0	2119.5	+37.5	2121.0	2085.0	5,428
May	2086.5	2122.0	+38.5	2123.0	2086.5	497
June	2087.0	2087.0	+3.0	2087.0	2087.0	137
September	-	-	-	-	-	10

Estimated volume 4,407 Total Open Interest 6,072

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Wykreft Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	15½	Equatorial Bank plc	15	Provincial Bank PLC	16
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
Bank of Baroda	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Royal Trust Bank	15
Bank Hapoalim	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Credit & Comm	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank of Cyprus	15	Girobank	15	TSB	15
Bank of Ireland	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of India	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of Scotland	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	Hampshire Trust Plc	15½	Western Trust	15
Barclays Bank	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Benchmark Bank PLC	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	C. Hoare & Co.	15	Yorkshire Bank	15
● Brown Shipley	15	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
Clydesdale Bank	15	Midland Bank	15		
Comm.Bk.N.East	15	Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

A firmer tone

INTEREST RATES had a firmer tone on the London money market yesterday in nervous trading ahead of today's figures on UK retail prices and average earnings. Monday's data on UK producer prices was disappointing and the market expects today's figures to confirm upward pressure on inflation. Three-month sterling interbank was quoted at 15⅛-15[illegible] per cent, compared with 15[illegible]-15[illegible] on Tuesday and 12-month money was 15[illegible]-15[illegible] per cent, against 15[illegible]-15[illegible].

UK clearing bank base lending rate
15 per cent
from October 5

On Liffe September short sterling futures continued to trade higher volume than the near month of June, indicating that traders do not expect any early change in UK bank base rates. The September contract opened weaker at 84.91 and held within a narrow range, before closing at 84.92, unchanged from Tuesday.

Day-to-day credit was in comfortable supply on the money market. The Bank of England forecast a shortage of £100m but did not operate in the market.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £131m, with a rise in the note circulation absorbing £260m, and bank balances below target £10m. These factors outweighed Exchequer transactions adding £290m to liquidity.

In Frankfurt call money eased to 7.90 from 7.95 per cent, after the Bundesbank added liquidity to the banking system at this week's securities repurchase agreement tender. The central bank accepted bids of DM21.9bn for a 28-day pact, at rates of 7.80 to 8.00 per cent, against an expiring facility of DM19.0bn.

In Paris the Bank of France left its money market intervention rate at 9¼ per cent when adding funds to the domestic money market at yesterday's securities repurchase tender. The five to 10-day repurchase rate was unchanged at 10¼ per cent.

In Brussels the Belgian National Bank left the interest rate unchanged at 9¼ per cent on 14-day securities repurchase agreements and steady at 10¼ per cent on 14-day loans against Government paper.

In Sydney the Reserve Bank of Australia drained funds from the domestic money market when cash rates fell below 15 per cent. The central bank offered to sell Commonwealth Government securities and repurchase agreements.

FT LONDON INTERBANK FIXING

MONEY RATES

Apr.11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.85-7.95	7.80-7.90	7.95-8.10	8.10-8.25	8.50-8.65	8.00
Paris	10⅛-10¼	9[illegible]-10⅛	-	10-10¼	-	9.75
Zurich	8½-8¾	9-9¼	-	8¾-9⅛	-	-
Amsterdam	8.31-8.43	8.32-8.42	-	8.48-8.58	-	-
Tokyo	7[illegible]-7[illegible]	7¼-7[illegible]	-	7[illegible]-7[illegible]	-	-
Milan	12-12¼	12¼-12½	-	12¼-12½	-	-
Brussels	8.95	10[illegible]-10[illegible]	-	10[illegible]-10[illegible]	-	-
Dublin	11¼-11½	11[illegible]-11[illegible]	12-12¼	12¼-12½	12½-12¾	-

LONDON MONEY RATES

Apr 11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15¼	14¾	15	15¼	15½	15¾
Interbank Bid	14¼	14½	14¾	15⅛	15[illegible]	15[illegible]
Sterling CDs.	-	-	14[illegible]	15[illegible]	15[illegible]	15½
Local Authority Deps.	14½	14½	14[illegible]	15¼	15[illegible]	15[illegible]
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15	14¾	14¾	14⅝	-	-
Company Deposits	-	-	15	15[illegible]	15½	15[illegible]
Finance House Deposits	-	-	14[illegible]	15¼	15[illegible]	15[illegible]
Treasury Bills (Buy)	-	-	14[illegible]	14[illegible]	-	-
Bank Bills (Buy)	-	-	14[illegible]	14[illegible]	14[illegible]	-
Fine Trade Bills (Buy)	-	-	15[illegible]	15[illegible]	14[illegible]	-
Dollar CDs.	-	-	8.35	8.45	8.53	8.78
SDR Linked Dep. Offer	-	-	9[illegible]	9[illegible]	9[illegible]	9[illegible]
SDR Linked Dep. Bid	-	-	9	9[illegible]	9[illegible]	9[illegible]
ECU Linked Dep. Offer	-	-	10[illegible]	10½	10[illegible]	10[illegible]
ECU Linked Dep. Bid	-	-	10[illegible]	10[illegible]	10[illegible]	10[illegible]

Treasury Bills (sell); one-month 14[illegible] per cent; three months 14[illegible] per cent; Bank Bills (sell): one-month 14[illegible] per cent; three months 14[illegible] per cent; Treasury Bills; Average tender rate of discount 14.5553 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day March 30, 1990. Agreed rates for period April 25 to May 25, 1990, Scheme I: 15.90 p.c., Schemes II & III: 16.57 p.c. Reference rate for period March 1, 1990 to March 30, 1990, Scheme IV&V: 15.311 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from April 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989. Deposits withdrawn for cash 5 per cent.

JOTTER PAD

CROSSWORD

No.7,213 Set by DANTE

ACROSS
1 Not one to run (6)
4 Leg-spinner out for a catch (6)
8 Can and must resort to private study (7)
9 Break down in the course of an investigation (7)
11 Stuck thumb up in knot (5,5)
12 Criminal group go north on the border (4)
13 Take out and clean (5)
14 Official upsets Welshman (8)
16 Letters may be enclosed in them (8)
18 About five, lean back and contemplate one's tummy button (5)
20 Unidentified girl accepts love (4)
21 Log-cabin/brawl? (5-5)
23 A game to cut short (7)
24 Prejudiced legal system? (4,3)
25 Examined in depth a cause of complaint (1-5)
26 Book illustrations laid out on the table (6)

DOWN
1 Affected speech given by doctor on law breaker (5)
2 Remove a continental quilt (7)
3 It's hilarious, blowing up a huge ball (9)
5 Arrest for a minor assault? (5)
6 The pleasure the Turkish take in a sweet (7)
7 Nurse felt funny, taking ill (9)
10 Presently existing as a pop group (6,3)
13 It's owner can't be said to have a weak chest! (6-3)
15 Rum dance in a gymnasium? (9)
17 Empty talk in a Spanish bar (7)
19 A remarkable novel, it is lacking restraint (7)
21 Knave withdrawn from the pack? (5)
22 Light filters for the blind (5)

Solution to Puzzle No.7,212

TRIBUNES UNGEAR / UPLIFTED ASLEEP / PREVENTS PROPEL / JARDINIERE / TRIVIALITY / ARISEN PROPOSER / GREASE SHUNTING / TASTED EPILOGUE

WORLD STOCK MARKETS

AUSTRIA

April 11	Sch	+ or −
Austrian Airlines	5,050	−40
Creditanstalt	6,550	−100
Goesser	7,200	−150
Interunfall	25,050	−950
Jungbunzlauer	18,300	+20
Laenderbank	1,360	
OeMV	12,470	−430
Perlmooser	2,130	+10
Reininghaus	2,900	−50
Semperit	185	−6
Steyr-Daimler	227	−11
Veitscher Mag	1,330	−58
Verbund	675	−16

BELGIUM/LUXEMBOURG

April 11	Frs.	+ or −
Arbed	5,280	+20
B.B.L	3,010	+10
Bank Intl. a Lux	15,450	
Banque Gen. Du Lux	14,700	
Banque Nat Belg	34,025	−375
Barco	2,270	+15
Bekaert B	15,700	−25
Ciment CBR	8,200	−100
Cobepa	5,650	+40
Do. AFV 1	5,650	+30
Cockerill	207	+2
Colruyt	23,100	
Delhaize	5,630	+90
EBES	4,280	+30
Do. AFV 1	4,180	+15
Fabrique Nat	368	−10
GIB Group	1,332	−4
Do. AFV	1,328	−2
GBL(Brux)L	3,990	+10
Do. AFV 1	3,975	+5
[illegible]	[illegible]	[illegible]

FRANCE (continued)

April 11	Frs.	+ or −
Bongrain	3,088	+41
Bouygues	674	+7
BSN	1,458	−2
CMB Packaging	186.1	−7.9
Carrefour	3,460	+87
Casino	162.5	−1
Cetelem	595	+9
Chargeurs	1,205	+22
Ciments Fr.	1,573	+38
Club Mediterranee	710	+30
Coflmeg	414	+14
Cogifi	365	−4
CGE	629	+10
Coparex	521	−16
CCF	247.2	+7.1
Cred.Foncier Fr	1,397	+28
Cred Lyons (CI)	700	+6
Credit National	1,455	−25
Darty	5,600	−100
Docks de France	3,933	−12
Delfhaus-Mieg	576	−13
Dumez S.A.	625 xc	+9
Eaux (Cie Gen)	2,623	+28
Ecco	582	−5
Electrofin're	1,050	+3
Elf-Aquitaine	665	−12
Do. Certs	497	−4
Essilor-Bertrand	1,260	−15
Essilor	2,602	−8
Eternit (Fin.)	2,314	+44
Eurafrance	2,305	+25
Eurocom	2,037	+19
Euro Disneyland	100.5	+0.65
Euromarche	3,760	+30
Exor	1,798	−10
Finextel	194	
Fonciere Lyons	957	+11
Fromageries	2,808	−12
[illegible]	[illegible]	[illegible]

[illegible]

CANADA

TORONTO

2pm prices April 11

Quotations in cents unless marked $.

Sales	Stock	High	Low	Close	Chng
8565	AMCA Int	380	370	380	+5
3270	Abitibi Pr	$15¼	15	15¼	+¼
3500	Acklands	$7	7	7	−¼
41000	Agnico E	$9½	9⅜	9⅜	
14894	Albrta En	$17	16⅞	16⅞	
1500	Albrta N	$17⅞	17¾	17¾	
166463	Alcan	$24⅞	24⅝	24⅝	
100	Algo Cent	$15	15	15	
100105	A Barrick	$21¼	20⅝	20¾	−⅝
4500	Asco I f	$10⅜	10⅜	10⅜	
236194	BCE Inc	$41⅛	40⅞	41	
25705	BCE D	34	32	34	+2
19800	BCE Mobl	$24⅝	23¾	23¾	−¾
2700	BC Sugar A	$15½	15½	15½	
3200	BGR A	$10⅜	10¼	10⅜	
5500	BP Canada	$18½	18⅜	18⅜	−¼
51964	Bk Montl	$27⅞	27½	27½	−¼
34725	Bk NScot	$13⅞	13¾	13⅞	
500	Baton	$9½	9½	9½	
20500	Belmoral	37	35½	37	−1
1300	Bombdr A	$15¾	15⅝	15⅝	−⅛
21300	Bombdr B	$15¾	15⅝	15¾	
12436	Bow Valy	$13⅝	13½	13½	−⅛
12615	Bramalea	$16⅞	16⅝	16⅝	−¼
35213	Brascan A	$23¼	23⅛	23⅛	
158450	Brdwater	280	230	236	+4
122796	BC Phone	$18⅜	18¼	18¼	
6890	Bruncor	$16¼	16⅛	16⅛	−⅛
217300	CAE	$8⅛	7⅞	7⅞	+¼
1000	CCL B f	$9¾	9¼	9¼	−½
30044	Cambior	$15⅛	15	15	−½
18544	Cambridg	$28¾	28⅛	28¼	
53024	Camp Res	84	83	84	
6300	Camp Soup	$21⅝	21⅝	21⅝	−¼
20772	Campeau f	153	151	152	−1
204300	C Nor West	190	180	180	−10
5450	C Packrs	$14	14	14	
1000	CS Pete f	255	250	250	−5
1060	C Expres f	57	57	57	
200	CG Invest	$41⅞	41⅞	41⅞	
122098	CI Bk Com	$27	26½	26⅝	−¼
6900	C Marconi	$10½	10¼	10¼	−⅜
28650	C Occidntl	$19⅛	19	19	−¼
300	CP Forest	$33½	33	33	−1
278412	CP Ltd	$24	23⅞	23⅞	
54448	CTire A f	$20⅞	20⅝	20⅝	−⅛
2400	CUtil A f	$19⅞	19¾	19⅞	
7500	Canamax o	197	195	195	−3
100	CanamA f	465	465	465	−5
7890	Canfor	$27½	27⅛	27½	−⅛
1055	Canron A	$19½	19½	19½	
80	Cascades	425	425	425	
500	Celanese	$29¼	29¼	29¼	+½
2102	Cen Capital	$10	9⅞	10	
2000	CenCap A	$8½	8½	8½	
1700	CentFd A	$5⅞	5⅛	5⅛	−¼
800	C Guar Trc	$9½	9⅛	9⅛	−⅛

Sales	Stock	High	Low	Close	Chng
117500	Charan	20	16	18	−2
6300	Chieftan	$22⅝	22⅝	22⅝	−⅜
31600	Cineplex	$6⅛	6⅛	6½	+⅛
2400	Co Steel f	$16¼	16¼	16¼	
98797	Cominco	$25¾	25⅛	25⅛	
2373	Computlog	455	455	455	
71	C HCI A f	$13	13	13	
52308	Con TVX	$6⅞	6¾	6¾	−⅛
3825	Cnsum Gas	$31½	31¼	31¼	−⅛
500	Cnsum Pkg	$10¼	10¼	10¼	
456	Comwst B	$12⅞	12⅞	12⅞	−⅛
2600	Corby A	$30½	30½	30½	
246079	Corona A f	$9	8⅝	8⅝	−½
213242	Coscan	$10½	10½	10½	−¼
88969	Crownx A f	$6	6	6	−⅛
3800	Denison A	180	180	180	
600	Denison B f	150	150	150	+5
1510	Derlan	$7¼	7¼	7¼	+⅛
10000	Dicknsn A f	$5⅛	5⅛	5⅛	−⅛
17100	Dofasco	$22¼	22	22¼	+¼
9963	D Textile	$12⅞	12¾	12⅞	−⅛
3711	Domtar	$12⅞	12¾	12⅞	
1300	Du Pont A	$23¾	23¾	23¾	−¼
9400	Dylex A	$6¾	6¾	6¾	+⅛
145350	Echo Bay	$18⅛	17⅝	17¾	−½
2500	Emco	$8⅞	8⅞	8⅞	+¼
46500	EmpireA f	$13¾	13½	13¾	−¼
4800	Enfield	355	355	355	
16850	EquitySv A	270	262	270	
4200	FCA Intl	$10⅛	10⅛	10⅛	
1200	FPI Ltd	$5⅝	5⅝	5⅝	−⅛
16300	Fin Trsco	7	5	5	−2
3400	Fed Ind A	$13⅛	13	13	−⅛
6200	Finning L	$14⅜	14¼	14⅜	
1000	FMarathA f	$7⅛	7⅛	7⅛	
1600	Fortis	$20¼	20⅛	20¼	
1800	FourSeasn f	$18¼	18	18	
30300	Franco o	$20⅛	20	20⅛	+⅛
747	GW Util	$34¼	34¼	34¼	−¼
16300	Galactic	395	390	390	−5
1400	Gendis A	$22½	22½	22½	+½
100	G Trstco p	$20⅜	20⅜	20⅜	
200	Giant Yk	$9¾	9¾	9¾	+¼
5100	Glamis	248	240	240	
500	Goldcorp f	$5⅛	5	5⅛	
13250	Gld Knight	$13½	13¼	13½	−⅛
7400	Granges	190	190	190	
508	GtW Lifeco	$14⅛	14	14⅛	+⅛
13636	Gulf Res	$15⅝	15⅛	15⅛	−⅜
3800	Haley	375	375	375	
3500	Harris A	$5¼	5¼	5¼	
578	Hayes D	$12¼	12¼	12¼	
35870	Hees Intl	$26⅛	25¾	25⅞	−¼
33319	Hemlo	$14¼	14	14⅛	−¼
25700	Hollingr	$12½	12½	12½	−⅛
14700	Horsham f	$9⅞	9½	9⅝	−¼
102	H BayMn s	$7¾	7¾	7¾	−¼
3385	H Bay Co	$31⅝	31⅛	31⅛	−⅛
9548	Imasco L	$36¼	36	36	−¼
185521	Imp Oil A	$60⅛	59	59¼	−1⅛
87979	Inco	$30½	30¼	30¼	
1600	Innopac	$5½	5½	5½	

Sales	Stock	High	Low	Close	Chng
65707	Inter City	$24	23⅞	23⅞	
3209	Interhome	$47⅞	47½	47½	−⅛
400	Inv Grp	$21⅝	21⅝	21⅝	−⅛
1613	Ivaco A f	$10¼	10¼	10¼	+⅛
18400	Jannock	$17⅜	17¼	17⅜	+⅛
600	Kerr Add	$20½	20½	20½	
8400	Labatt	$21½	21⅛	21⅛	−⅛
207311	Lac Mnrls	$13½	13⅛	13⅛	−⅛
1492	Lafarge p	$22⅝	22⅝	22⅝	−⅛
8595	Laidlaw A	$23⅞	23¼	23¾	+⅛
253135	Laidlw B f	$23⅞	23⅜	23⅜	+½
303	Laur Bk	$14¼	14¼	14¼	−⅛
3900	Laur Gr B	$7⅛	7	7	−⅛
4100	LawsnM A	$8⅞	8¾	8⅞	+⅛
1400	Loblaw Co	$15½	15½	15½	
2970	Lonvest	$21	21	21	
100	MCS A	$12	12	12	
2	MDS B	$11⅝	11⅝	11⅝	
12140	Mac Kenzie	$7⅝	7½	7½	−⅛
21834	Macmillan	$18⅛	18	18	−⅛
62442	Magna A f	350	345	345	
3504	Maritime f	$17⅜	17¼	17⅜	
12626	Mark Res	$9¾	9⅜	9⅜	
1500	Memotec	$9½	9½	9½	
22400	Mdlnd Dty	420	410	415	−10
500	Minnova	$17¾	17¾	17¾	
15400	Mitel Corp	273	270	271	−2
1816	Molson A f	$38	37⅞	38	−¼
1080	Molson B	$38¼	38¼	38¼	
97528	Moore	$33½	33¼	33¼	−⅛
11750	Muscocho	61	58	58	−2
68285	Nat Bk Can	$9⅞	9⅝	9¾	−⅛
22000	N Business	36	36	36	
5699	NewTel Ent	$18⅞	18⅞	18⅞	
4750	Noma A	$8⅝	8½	8½	
106950	Noranda F	$12⅜	12¼	12⅜	
372640	Noranda	$21½	21¼	21¼	−¼
10374	Norcen	$25¼	24⅝	24¾	−⅝
6277	Norcn A f	$24⅛	23⅞	23⅞	−⅜
15200	NC Oils	$18⅞	18⅝	18⅝	−¼
56833	Nor Tel	$30	29⅝	29¾	+⅛
3036	Northgat	$6⅞	6⅞	6⅞	+⅛
405755	Nova f	$8⅛	7⅞	7⅞	−¼
5300	Noverco	$12⅞	12⅞	12⅞	+⅛
2700	Nowsco W	$17⅛	17⅛	17⅛	−½
4500	Numac	$8⅜	8¼	8⅜	−⅛
3000	Ocelot B f	$8⅝	8½	8½	−⅛
2000	Omega Hyd	315	315	315	−5
700	Onex f	$13⅞	13⅞	13⅞	−⅛
7840	Oshawa A f	$31½	31	31	−⅝
5963	PWA Corp	$11½	11⅜	11⅜	−⅛
24475	Pgurin A f	$8	7⅞	8	
1000	PanCan P	$28¼	28	28¼	−⅛
1000	Pegasus	$12⅝	12⅝	12⅝	−¼
300	PJewl A f	$13¼	13¼	13¼	−¼
42000	Pioneer M	22	20	21	−2
149365	Placer Dm	$19¾	19⅜	19⅝	−¼
600	Poco Pet	$7	7	7	−¼
45700	Powr Cor f	$15½	15⅜	15½	+⅛
2650	Powr Fin	$18¼	18¼	18¼	−¼
300	Provigo	$9½	9⅜	9⅜	−⅛
324	Que Tel	$14¼	14¼	14¼	

Sales	Stock	High	Low	Close	Chng
1000	Quebcor A	$12⅛	12⅛	12⅛	+⅛
40519	Ranger	$7¼	7⅛	7⅛	−¼
2350	Rayrock f	$9½	9	9	−⅜
200	Rd Stenhs S	$32¼	32¼	32¼	
200	Reitman A f	$13¼	13¼	13¼	+⅛
219283	Renaissnce	$26	25½	25⅝	−½
350	Repap f	$8⅝	8⅝	8⅝	
600	Rio Algom	$21⅛	21	21	−½
22200	Rogers B f	$10⅝	10¼	10⅜	−⅜
300	Roman	$8	8	8	
700	Rothman	$68½	69	69	
184139	Royal Bnk	$21½	21⅛	21⅛	−⅛
7877	Ry Trco	$15½	15⅜	15⅜	−⅛
8800	StL Sysm	$5½	5¼	5¼	−⅛
121500	SNC A f	$11⅛	11⅛	11⅛	−⅛
1000	StL CemA f	$17	17	17	−¼
42149	Saskoil	$13½	13⅜	13½	
15000	Sceptre	390	375	375	−15
12850	Scotts f	$14½	14¼	14½	
15340	Seagram	$92½	91¼	92¼	+1½
6237	Sears Can	$11½	11⅛	11⅛	−⅛
15100	ShawC B f	$9¼	9⅛	9⅛	−⅛
36970	Shell Can	$39	38½	38½	−½
8511	Sherritt	$8⅞	8¾	8¾	
5300	Sonora	115	110	115	−5
3150	Southam	$25¾	25⅝	25⅝	
1500	Spar Aero f	$9⅝	9⅝	9⅝	+⅛
18200	Stelco A	$19⅝	19¼	19½	+¼
8350	TCC Bev	$10⅝	10½	10⅝	
29350	Teck B f	$24⅞	24½	24½	−⅜
2300	Tembec A	$10	9⅞	9⅞	
102	Terra Mn	18	18	18	
112056	ThomCor	$14⅛	14⅛	14⅛	
63528	Tor Dm Bk	$17½	17¼	17¼	−⅛
2620	Tor Sun	$25	24¾	24¾	−¼
1100	Torstar B f	$28⅝	28⅝	28⅝	−⅛
43900	Total Pet	$31¼	30⅞	31	+⅛
64026	TrnAlta U	$13½	13⅜	13⅜	
34300	TrCan PL	$18⅝	18¼	18¼	−⅛
7850	Trilon A	$18⅝	18½	18½	−⅛
38700	Trimac	$7½	7½	7½	
5275	Trizec A f	$20	19⅞	20	+⅛
850	Unicorp A	420	420	420	
1000	UnigescoB f	365	365	365	−5
200	Un Carbid	$16⅞	16⅞	16⅞	−⅛
599	Un Corp	$31	31	31	
47817	Varity C	340	335	335	−5
18600	Viceroy R	365	360	365	+10
75	Weldwood	$17¾	17¾	17¾	
3530	Wst Fraser	$18½	18½	18½	−⅛
5607	Woodwd E	$21⅛	21	21	−⅛
700	Westmin	$8	7⅞	8	+⅛
4264	Weston	$38½	38½	38½	
21005	Woodwd A	190	185	190	−5

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INDICES

NEW YORK

DOW JONES	Apr 11	Apr 10	Apr 9	Apr 6	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2729.72	2731.08	2722.07	2717.12	2810.15 (2/1)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	90.26	90.54	90.50	90.61	95.04 (3/1)	90.26 (11/4)	—	—
Transport	1181.19	1176.39	1171.05	1174.08	1201.10 (2/1)	1031.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.03	213.03	214.10	213.66	236.23 (2/1)	212.90 (22/3)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2751.35 (2741.67) Low 2713.29 (2707.88)

STANDARD AND POOR'S	Apr 11	Apr 10	Apr 9	Apr 6	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	341.92	342.07	341.37	340.08	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	397.12	397.76	397.09	395.65	411.20 (2/1)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	27.95	27.77	27.47	27.15	31.87 (3/1)	27.15 (6/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	187.57	187.63	187.35	186.78	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	357.54	359.52	359.68	361.01	382.45 (5/1)	345.50 (30/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	433.53	431.90	430.18	430.90	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Apr 6	Mar 30	Mar 23	year ago (approx.)
Dow Industrial Div. Yield	4.03	4.06	4.06	3.62

	Apr 4	Mar 28	Mar 21	year ago (approx.)
S & P Industrial div. yield	3.05	3.04	3.05	3.24
S & P Indl. P/E ratio	15.09	15.07	14.97	12.79

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Ames Dept Stores	2,275,900	2½	+⅛
Utd Telecomms	2,032,200	40⅞	−1¼
Am Express	1,937,800	27⅞	+½
Savin Bus	1,772,500	⅞	+⅛
USX Corp	1,651,700	34	−⅝
Amoco Corp	1,470,800	50½	−⅞
Schlumberger	1,481,800	50	−1
Texaco	1,297,900	57⅞	−1
Baker Hughes	1,295,800	25⅞	−1⅛
Fannie Mae	1,219,800	35	+⅞

TRADING ACTIVITY

† Volume Millions	Apr 11	Apr 10	Apr 9
New York	142.503	136.859	116.370
Amex	11.949	9.304	8.319
NASDAQ	(u)	129.504	112.367
Issues Traded	1,964	1,957	1,994
Rises	725	707	661
Falls	747	737	824
Unchanged	492	513	509
New Highs	23	18	18
New Lows	58	57	62

CANADA

TORONTO	Apr 11	Apr 10	Apr 9	Apr 6	1990 HIGH	1990 LOW
Metals & Minerals	3092.80	3114.20	3113.60	3133.90	3453.05 (4/1)	2921.03 (23/2)
Composite	3565.80	3594.90	3613.70	3632.40	4009.47 (3/1)	3565.80 (11/4)
MONTREAL Portfolio	1835.61	1849.74	1863.86	1874.06	2060.90 (3/1)	1835.61 (11/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr 11	Apr 10	Apr 9	Apr 6	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1505.8	1511.9	1528.2	1513.0	1713.7 (12/1)	1505.4 (3/4)
All Mining (1/1/80)	774.0	777.5	789.6	779.1	860.8 (5/1)	770.6 (3/4)
AUSTRIA						
Credit Aktien (30/12/84)	(u)	660.35	667.82	671.04	703.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6110.42	6100.97	6110.11	6113.86	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	365.85	368.93	371.16	370.52	380.47 (28/3)	358.77 (2/1)
FINLAND						
Unitas General (1975)	609.5	607.8	604.3	600.6	677.3 (23/1)	590.5 (2/1)
FRANCE						
CAC General (31/12/82)	545.08	546.54	547.70	542.87	554.7 (5/1)	482.94 (26/2)
CAC 40 (31/12/87)	2103.18	2075.38	2083.98	2069.89	2103.10 (11/4)	1800.32 (25/2)
GERMANY						
FAZ Aktien (31/12/58)	799.36	807.59	811.91	827.40	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2317.5	2341.2	2353.9	2402.9	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1893.77	1898.51	1923.86	1947.84	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2959.98	2942.33	2954.74	2956.12	3014.02 (26/3)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1718.35	1719.56	1722.58	1719.94	1893.10 (22/1)	1716.96 (4/4)
ITALY						
Banca Com. Ital. (1972)	691.84	693.13	693.68	691.26	707.41 (12/1)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49)	29440.28	29624.68	30397.93	29278.78	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	2185.3	2186.24	2229.27	2149.26	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	3533.62	3519.96	3498.23	3391.57	4284.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	555.19	538.84	532.04	540.14	622.20 (20/2)	532.04 (9/4)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	255.4	255.1	256.7	257.7	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	195.5	195.7	196.9	197.2	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	789.99	792.33	800.44	802.46	845.40 (16/3)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1054.54	1078.64	(c)	1087.55	1160.70 (21/3)	1014.09 (5/3)
SINGAPORE						
SES All-Singapore (2/4/75)	419.63	415.66	414.18	415.04	443.34 (6/3)	413.64 (24/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	1824.0	1861.0	(c)	2230.0 (16/1)	1824.0 (10/4)
JSE Industrial (28/9/78)	(u)	2883.0	2897.0	(c)	3211.0 (6/2)	2795.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	813.66	810.76	816.78	831.73	928.82 (4/1)	810.76 (10/4)
SPAIN						
Madrid SE (30/12/85)	260.15	257.06	255.61	252.82	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1139.00	1143.10	1143.00	1141.90	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	750.3	753.7	749.1	755.7	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	9781.98	9725.89	9814.54	10440.67	12495.34 (10/2)	9725.89 (10/4)
THAILAND						
Bangkok SET (30/4/75)	844.80	842.13	835.34	(c)	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	485.5	491.2	484.7	571.0 (4/1)	468.3 (2/4)

**Saturday Apr. 7: Taiwan Weighted Price: 9828.22 Korea Comp Ex. 819.30

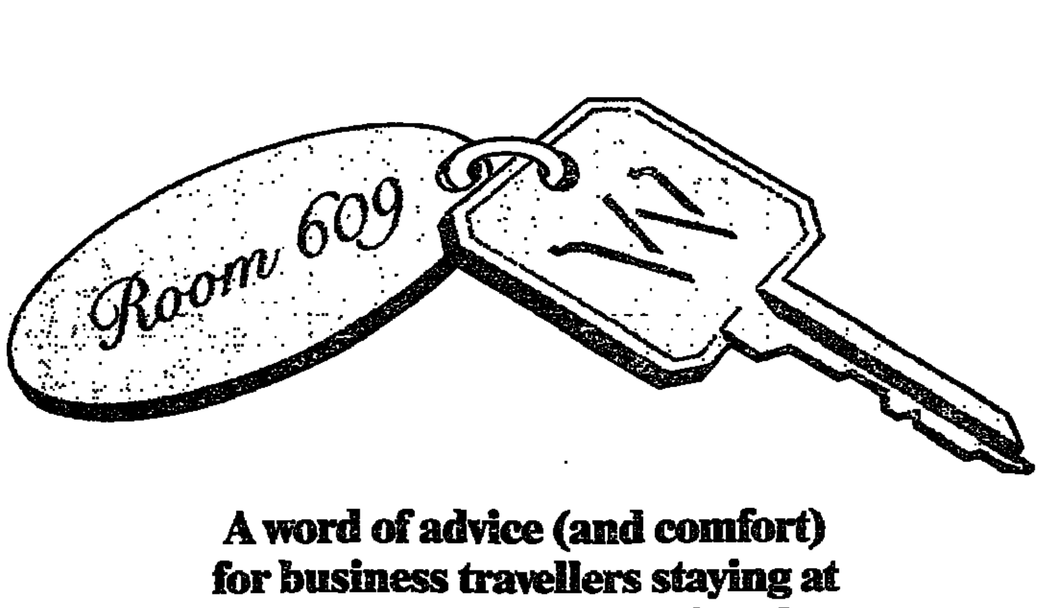
‡ Subject to official recalculation.

6Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday April 11 1990

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi	38.4m	1,680	−30	TDK	4.7m	6,770	+70
Nippon Steel	10.3m	585	−50	Mitsubishi Ec Co	4.7m	1,030	+10
Alps Elec Co	8.0m	2,260	+140	Canon	4.1m	1,780	−20
Toshiba	5.6m	1,140	−10	NEC	4.0m	2,200	−10
Matsushita	5.8m	2,290	−20	Mitsubishi H I	3.8m	911	+6



4pm prices April 11

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	27	AAR	.48	1.7	17	715	28⅝	28⅝	28⅝	
9¼	8½	ACM n	1.01	11.		353	9	8¾	8⅞	
11⅝	10½	ACMIn	1.26	12.		703	10⅝	10½	10⅝	
9⅞	7¼	ACM M	n1.01	13.		465	8	7¾	7⅞	– ⅛
12⅛	11⅛	ACMMM				137	11⅝	11½	11½	
11½	9⅞	ACM Sc	1.26	13.		1713	10	d 9⅝	9¾	– ¼
9⅝	8⅛	ACMSp	1.01	12.		610	8⅞	8⅛	8⅝	
22⅝	13⅛	AL Lab	.16	.7	20	103	21⅞	21¾	21⅞	
4⅛	3	AMCA	.12e	3.8	38	16	3⅛	3⅛	3⅛	
6⅛	2⅝	AM Intl			9	338	2¾	2⅝	2¾	+ ⅛
23¼	16⅞	AM In pf	2	13.		128	15⅞	d15⅝	15⅝	– ½
107¼	52½	AMR			9	8014	66⅞	65⅝	66⅝	+1
5⅛	3⅛	ARX				89	3⅞	3⅝	3¾	
72¼	39	ASA	3a	6.1		1074	49¾	49⅛	49⅜	– ⅛
70⅛	53⅝	AbtLab	1.68	2.4	17	2823	69¼	68½	69¼	+ ⅝
17¼	11¼	Abitibi g	.50			41	13⅛	13	13⅛	+ ⅛
13	8⅞	AcmeC	.40	4.1	11	70	9⅝	9½	9⅝	
9¼	7⅛	AcmeE	.32	4.1	10	30	8	7¾	7⅞	– ⅛
38½	28⅜	Acuson			22	652	36	35½	35¾	
16½	13⅛	AdaEx	2.06e	13.		56	16	15⅞	16	
15⅝	7⅝	Adobe				26	12¾	12⅝	12⅝	– ⅛
21⅝	19⅞	Adob pf	2.40	11.		1	21⅝	21⅝	21⅝	– ¼
10½	6⅞	AMD			20	1952	9	8¾	8⅞	+ ⅛
35	28¼	AMD pf	3	9.6		1	31⅛	31⅛	31⅛	– ⅛
10⅛	4⅜	Advest	.16	3.7	6	699	4½	4⅜	4⅜	– ⅛
62½	48⅛	AetnLf	2.76	5.5	9	1724	50⅝	50¼	50½	
14	9⅞	AfilPb	.24	2.3		555	10⅜	10¼	10⅜	+ ⅛
25	16⅝	Ahmans	.88	5.1	9	5611	17¼	16⅝	17⅛	+ ⅜
3⅞	1⅞	Aileen				76	2⅛	2	2⅛	+ ⅛
53¼	40	AirPrd	1.32	2.6	13	579	51⅞	51⅜	51½	
48¼	22⅞	AirbFrt	.60	1.3	18	74	48	47¼	47⅞	
25⅛	15½	Airgas			15	20	16½	16¼	16¼	– ¼
20⅞	16⅝	Airlease	2.40	14.	9	52	17⅜	17⅛	17¼	+ ⅛
10¾	8⅞	AlaP dpf	.87	9.3		220	9½	9⅜	9⅜	

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
8⅝	4⅞	RelGrp	.32	5.8	20	76	5⅝	5⅝	5⅝	+ ⅛
24⅞	16¼	Repsol	n.27e	1.3		3749	21	20⅝	20⅞	− ⅛
5¾	4½	RepGyp	.20	4.4	32	46	4½	4½	4½	
52⅞	42¾	RepNY	1.32	3.0		1178	44½	44¼	44½	+ ¼
11¾	1⅝	Rxene			5	805	2⅝	2½	2⅝	
33⅞	16¾	RayRey	.80	4.0	8	44	20⅜	20¼	20¼	− ⅛
60½	49½	RayMti	1.80	3.3	8	1206	55	53⅞	54½	+ ¾
45½	34	RhP pfC				1	40⅞	40⅞	40⅞	
19	14¾	RhP pfA				12	17⅞	17⅝	17⅝	+ ⅛
3½	1⅞	RhnP wt				392	3⅛	2½	2⅝	− ¼
22	18½	RhnPl n				88	20⅛	20	20	− ⅜
41⅛	29½	RiteAid	.90	2.7	14	286	33⅞	33¼	33¾	+ ¼
11-32	3-32	RvrOak				40	⅛	3-32	3-32	−1-32
19⅞	15¾	RbtHlf			15	27	16⅞	16¾	16⅞	+ ⅛
13⅞	9⅜	Robtsn			21	655	u13⅝	12¾	13½	+ ¾
22⅛	17⅞	RochG	1.56	7.9	9	1193	19⅝	19½	19⅝	− ⅛
45¾	29¼	RochTl	s1.46	4.0	18	134	37	36½	36½	− ⅛
22⅛	18½	RckCtr	1.88	10.	17	426	19	18⅞	18⅞	− ⅛
27⅛	19⅝	Rockwl	.78	3.4	8	3827	22⅞	22⅞	22⅞	+ ⅜
181	140	Rkwl pf1.35		.8		1	162	162	162	+4
7⅝	4⅞	RodRen				10	6⅝	6½	6⅝	
37½	26¾	RohHaas	1.20	3.6	13	349	33⅞	33¼	33½	− ⅛
34⅛	18½	Rohr			85	391	19½	19¼	19¼	− ⅛
30¼	18¾	StridR	s .40							
13¾	10⅛	SunDis	1.11e							
24¾	13⅞	SunEl								
13⅝	10⅞	SunEng	1.27e							
48¾	35⅛	SunCo	1.80							
63½	57⅞	Sundstr	2.20							
4¾	2⅞	SunMn								
9½	6⅞	SunM pf1.19								
28⅞	20⅛	SunTrst	.84							
22	18¾	SuprFd	s.32							
30⅛	29⅞	SupVals	.60							
25⅞	16¾	Supind	s .28							
25⅝	6⅞	SybiTc								
14	11⅞	SymsCp								
19½	16⅛	Synovs	.34							
54½	40	Syntex	1.00							
33⅛	21½	Sysco	s .20							
25⅝	18	SystCr								
		−T−T−								
25	15⅝	TCBY	.12							
17½	10¾	TCF Fn	.40							
8½	7⅛	TCW	.84							
46⅝	29¾	TDK s	.29e							
		−X−Y−Z−								
69	49¼	Xerox	3	5.5	8	1071	55	54½	54⅝	+ ⅛
49	44½	Xerox pf4.13		8.6		1	48	48	48	+ ¼
41⅛	21⅜	XTRA	.72	3.1	28	66	23⅛	22⅞	22⅞	+ ⅛
32¼	19½	XTRA pf1.94		9.7		120	20⅜	19¾	20	+ ½
4⅝	2⅛	Zapata				677	2½	2⅜	2½	
21⅛	7⅞	ZenithE				497	10½	9⅞	10¼	+ ¼
21½	14	ZenNtl	.84	4.9	9	45	17	16⅞	17	− ⅛
9¾	5⅝	Zenix	.99	15.		305	6½	6⅛	6½	+ ¼
18½	12¾	Zero s	.40	3.0	13	42	13⅝	13⅜	13½	
44¼	27½	Zurnin	.76	1.8	19	87	41⅝	41⅜	41¼	− ⅛
12⅝	10½	Zweig	1.21e	10.		402	11⅝	11½	11⅝	
10	8¾	ZweigTl	.96	10.		859	9⅝	9¼	9¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices April 11

NASDAQ NATIONAL MARKET

2pm prices April 11

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
WilmTr	1.44	11	80	37	35¾	35¾	−1¼
WiserO	.40	26	217	19⅝	19¼	19⅝	− ⅛
Wolohn	.28b	10	35	17½	17	17¼	
WlvExp			1747	9⅛	8½	8⅞	− ⅛
Wolv wt			502	4⅛	3¼	3½	− ¼
Worthg	.56	17	230	21¾	21½	21½	− ⅛
Wyman	.80		361	13¾	13¼	13¼	− ¼
			−X−Y−Z−				
XL Dta		5	110	8⅝	7¾	8⅝	+ ⅞
XOMA			4977	19½	18¾	19	+ ¼
Xicor		136	330	2⅞	2⅝	2⅞	
YanEnS	1.14e	12	9	19½	19	19½	+ ½
YelowF	.78	41	316	26⅝	25½	26½	+ ¾
YorkRs		30	55	11¾	11½	11¾	+ ¼
ZionUt	1.44	11	10	27½	27	27	

FINANCIAL TIMES

Thursday April 12 1990

AMERICA

Technology stocks claim attention on prospects

Wall Street

AFTER a buoyant start to yesterday's session on the back of a surprisingly robust Treasury market, a rising dollar and Tuesday's better than expected results from Motorola, equities then slipped back to show mostly small losses, *writes Janet Bush in New York.*

The Dow Jones Industrial Average closed 1.35 point lower at 2,729.73 on modest volume of 142m shares. On Tuesday, the Dow closed 9.01 points higher at 2,731.08.

The Standard & Poor's 500 and American Stock Exchange Composite indices were both quoted lower but the Nasdaq Composite of over-the-counter stocks ended 1.63 points higher at 433.53, helped by a rally in Intel.

Technology stocks are in the limelight at the moment, partly because of Motorola's results announced on Tuesday which has boosted optimism about the sectors's quarterly earnings. Motorola reported better than expected semiconductor business in the first quarter.

Intel, which manufactures semiconductor memory circuits, rose $\$1/2$ to $\$42^{3}/_{4}$. On the New York Stock Exchange, technology issues built modestly on their sharp gains on Tuesday. IBM was quoted $\$^{3}/_{8}$ higher at $\$106^{1}/_{2}$, Digital Equipment added \$2 to $\$83^{7}/_{8}$ and Motorola gained $\$^{3}/_{8}$ to $\$69^{1}/_{8}$.

Oil companies and airline stocks were also in focus after a sharp plunge in crude oil futures yesterday morning and the recovery later in the day. At one point, the May crude contract slumped \$1.48 a barrel and went limit down before rebounding to stand 19 cents higher in afternoon dealings.

In the morning, oil issues were very weak and airline issues strong on an anticipated decline in fuel costs. At the close, Mobil was quoted $\$1^{1}/_{8}$ lower at $\$59^{5}/_{8}$, Chevron down $\$1^{3}/_{4}$ at $\$65^{7}/_{8}$ and Exxon dipped $\$^{3}/_{8}$ to $\$45^{5}/_{8}$. By contrast, airline issues jumped on the prospect of cheaper fuel costs. AMR, the holding company of American Airlines, added \$1 to $\$66^{3}/_{8}$ and Delta gained $\$1^{1}/_{8}$ to $\$73^{5}/_{8}$.

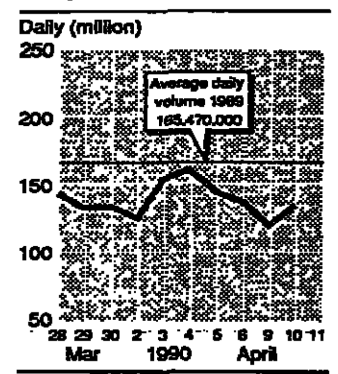
Outside these sectors, trading was generally dull and will probably become increasingly so over the Easter weekend.

A strong dollar and a rebound in bonds in spite of the disappointing auction of 40-year Resolution Funding Corp thrift bail-out bonds on Tuesday leant a relatively favourable background although this was balanced somewhat by a moderate fall in the Tokyo stock market overnight. The Nikkei 225 fell 184.40 points or 0.62 per cent.

Among featured individual issues was Federal National Mortgage Association or Fannie Mae which added $\$^{7}/_{8}$ to \$35 on news of record earnings in the first quarter of this year which were 68 per cent above the level a year ago.

Apple Bancorp added $\$1^{7}/_{8}$ to $\$43^{3}/_{4}$ after its directors 73 rejected a \$38 a share takeover offer from Mr Stanley Stahl, the New York real estate investor and its largest shareholder. Apple directed management to seek other possible bids.

NYSE volume



Canada

DECLINING gold stocks continued to weigh heavily on the Toronto market as share prices closed with a loss for the third consecutive session.

The 300 Composite Index shed 29.12 points to 3,565.77, giving it a drop of 66 points so far on the week. Declining issues topped advances 411 to 204. A total of 20.8m shares valued at C£248m changed hands compared with 19m shares worth C\$216.3m on Tuesday.

Gold stocks fell 2.3 per cent on index though the price of the precious metal was little changed. In New York, gold closed at \$374.75 down $\$^{1}/_{4}$.

The rise and rise in Ericsson's share price

Robert Taylor charts the climb of the buoyant Swedish telecommunications group

ERICSSON, the Swedish telecommunications company, is the toast of an uncertain and sluggish Swedish stock market which is troubled by the country's increasingly intractable economic problems.

The group went through an anxious period earlier in the 1980's; but since it disentangled itself from its loss-making information systems business area in 1987, it has grown into the strongest counter on the bourse.

Ericsson's performance has been phenomenal. On Black Monday, 19 October, 1987, its share price was a mere SKr155; yesterday it traded at SKr878. Since October 1988 until the middle of this week the company's share price in Stockholm had risen by as much as 183 per cent in value. Only Astra, the Swedish pharmaceutical company, has come anywhere near matching the Ericsson achievement with a 155 per cent growth in its share value over the last year.

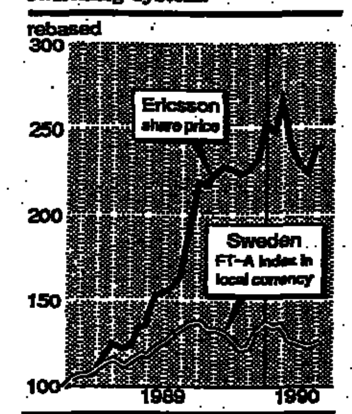
The share price recovery is backed by a impressive profits performance. Ericsson's earnings per share have climbed from just SKr3.15 in 1986 to SKr60.80 last year.

In 1989 only 24 per cent of the total trading in Ericsson shares occurred in Stockholm. The company's shares are now one of the Swedish securities most actively traded abroad, mostly in London but also in New York. Since last autumn Ericsson shares have been listed in Basle and Zurich.

The high-flying share price looks firmly-based, at least in the short term. Ericsson has been winning plaudits around the world and it is not resting on its laurels. Its chairman and chief executive officer, Mr Bjorn Svedberg, has much to talk about during his current road show in the United States.

The group nearly doubled its profits, after financial items, for 1989 with a rise to SKr4.1bn from SKr2.1bn. Shareholders get a 33 per cent increase in dividend, from SKr10.50 to SKr14.00 a share, and a five to one share split is expected to come into force in September. The strong recovery over the past two years has been achieved through a shrewd concentration on a core strategy, and the signs are that this will continue to pay off in the current year.

There are analysts' forecasts that earnings per share could rise by around another 20 per cent in 1990. Looking further ahead, Ericsson's prospects for the whole of the 1990's look promising, not only in Europe but also in the United States where last autumn it made a breakthrough with its AXE switching system.



The only cloud on the horizon comes from anxieties of foreigners about how the downturn in the Swedish economy will affect the group. There has been a noticeable trend over the past four years of foreigners selling their shares in Ericsson to Swedes. In 1989 there was a net import of SKr1.384bn worth of Ericsson shares into Sweden, compared with an export of only SKr499m. After the company's shares were introduced onto Wall Street in 1983, as many as one-half of Ericsson's unrestricted shares were owned by foreigners. Now the proportion is down to about a quarter.

In a sense, this parallels the dichotomy over the company's exciting international characteristics, and its restrictive share ownership provisions. The company may be doing wonders in the world's telecommunications market, but there are effective barriers against the international takeover bids for the company that this might otherwise encourage.

Ericsson remains firmly under the control of its Swedish institutional shareholders. The dominant influence on its shareholding register continues to be Svenska Handelsbanken, which controls 42.3 per cent of the company's voting rights and the Wallenberg and Skandinaviska Enskilda Banken interests which account for a further 41.9 per cent.

Under the company's own articles of association no more than 35 per cent of Ericsson's voting rights may be represented by the unrestricted shares which may be owned by foreigners as well as Swedes.

Nonetheless, the company is highly regarded by most analysts. In their latest study of Ericsson, Kleinwort Benson Securities in London concluded: "Ericsson may no longer look undiscovered, but it is hard to see that it is yet overvalued."

Last week the group landed a massive Skr6bn five-year telecommunications deal with Mexico. There is also the prospect of a substantial order from Indonesia. And above all, rumours persist in Stockholm of a pending breakthrough by the company into the lucrative but difficult West German telecommunications market.

In the grey unease of the Stockholm bourse this is at least one cause for celebration. The turnround of Ericsson from the mid-1980s when its share price was far below the general index looks solidly based at the moment.

EUROPE

France hits new high on blue chip demand

BOTH price performance and activity levels were mixed on the Continent yesterday, as bourses – Paris and Frankfurt, in particular – took different paths towards the Easter holiday, *writes Our Markets Staff.*

PARIS soared as domestic and international funds flowed into blue chips. Japanese programme buying was still evident, and volume was estimated at around a healthy FFr3.0bn. The CAC 40 index made a new high of 2,103.10, up 27.72, against Monday's previous record of 2,083.90.

The holding company, Cerus, gained FFr19.50 or 4.8 per cent to FFr424.5, on active trade of 168,150 shares. Dealers attributed the interest on renewed speculation that it might be close to selling its 15 per cent stake in Société Générale de Belgique. There were also reports that the Belgian group would surprise the market with better-than-expected results. This also boosted Suez, which has a controlling stake in SocGen. Suez was the most actively traded stock, with 533,500 shares changing hands, and the price rose FFr16.60 to FFr486.50.

Société Générale, which reported a 17 per cent rise in attributable net profit to FFr3.56bn, was unchanged at FFr610 and CGE, which hosted a meeting for French analysts yesterday, rose FFr10 to FFr629. Peugeot, which is scheduled to report 1989 earnings next week, climbed further, ending the day FFr10 higher at FFr914. Among the losers were the oil shares which succumbed to profit-taking after their recent run. Elf Aquitaine fell FFr12 to FFr665. CMB Packaging's 1989 results and the company's cautious outlook for 1990 disappointed the market and the stock fell FFr7.90 to FFr186.1.

FRANKFURT closed mixed in thin pre-Easter trade, as a modest rally early in the session was snuffed out by a lack of follow-up orders. The DAX index eased 4.74 to 1893.77, its sixth consecutive decline, after a high of 1907.89 early in the session; at midsession, the FAZ was 8.31 lower at 799.26.

Volume was DM5.3bn, little changed from the DM5.2bn of the previous day. The big blue chips mostly declined with the market although the three big chemicals, BASF, Bayer and Hoechst which are heavily weighted in the DAX index, showed little movement in aggregate.

Daimler edged DM4 lower to DM917, Deutsche Bank DM3.50 to DM784.50 and Siemens DM2.40 marks to DM770.10. The big sector decline was in retailing where analysts have been worried about high prevailing price/earnings ratios: Dopuglas fell DM20 to DM802, Karstadt DM10 to DM673 and Kaufhof DM6.50 to DM6.75.

The bond market improved a little yesterday, the Bundesbank's average bond yield falling 3 basis points to 8.90 per cent; one or two of the banks improved accordingly, Dresdner adding DM2 to DM428 and Bayerische Vereinsbank DM5.50 to DM370.50.

Elsewhere, Fiat closed L5 lower at L10,405 before slipping to L10,390 in the after-market. After the market closed, Mondadori, the publisher, said its cash or paper tender offer for the 48 per cent of fellow publisher L'Espresso its does not already own would start on Friday and run to May 16.

ZURICH focused on Bank Leu on the prospect of an alliance with CS Holding. Leu's various classes of share fluctuated on guesses about terms of any deal: the bearers plunged SFr440 to SFr2,750 while its registered shares with a nominal value of SFr500 jumped SFr110 to SFr2,680.

Activity elsewhere was light, the Crédit Suisse index falling 2.8 to 589.6.

AMSTERDAM was generally firmer in moderate trade, with the CBS tendency index adding 0.5 to 116.9. The steel stock, Hoogovens, rose FL 1.80 to FL 79.00 in spite of a forecast of lower 1990 operating profits. Shares in the local investment fund, Bobel, were re-quoted after being suspended on Monday and rose Fl 1.20 to Fl 6.30. The company said it had dropped plans to enter the film distribution business and had decided not to raise capital through issuing new shares.

In electricals Nixdorf rose DM4.50 to DM357.50 after Tuesday's news that the Federal Cartel Office will not block the proposed merger with Siemens.

STOCKHOLM recovered partially after being shaken by the inflation data for March. The Affärsvärlden index slipped 4.1 to 1139.0 in thin trading ahead of the Easter break.

Interest in Saab continued to be strong after its 1989 annual report suggested it was in better financial shape, following the link-up with General Motors than analysts had thought originally. Saab's free B shares rose SKr7 to SKr222.

MILAN eased on profit-taking in moderate trading on the second last day of the April trading account and the Comit index slipped 1.29 to 691.84. But Olivetti jumped L100 to L7,150 on rumours that the Dutch electronics group Philips would buy a 10 per cent stake of Olivetti from CIR, Mr Carlo de Benedetti's holding company, at a price of L12,000 a share. CIR firmed L130 to L5,310.

Local brokers reported continued foreign interest in telecommunications and construction sectors. Del Favero, the small building stock, soared L340, or 4.3 per cent, to L8,190.

ASIA PACIFIC

Morning gains in Nikkei erased by yen weakness

Tokyo

EARLY gains were erased in the last hour of trading yesterday as the yen weakened again against the dollar, *writes Martina Gannon in Tokyo.*

Share prices rebounded in the morning as investors bought across the board, encouraged by a pause in the yen's decline and firm bond prices. The index hit a high of 30,003.06, but finished 184.40 lower at 29,440.28 against a low of 29,340.18.

Advances led declines by 515 to 418, with 157 unchanged. Turnover fell from 550m to 500m shares, the broad-based Topix index eased 0.94 to 2185.30 and, in London, the ISE/Nikkei 50-index rose 6.95 to 1,722.40.

Big steels and heavy electricals advanced with high-tech issues. The yen's rebound on Tuesday had assuaged fears of a sharp decline in its value, and prompted some buying, said Tadashi Arai at Nippon Kangyo Kakumaru. But the currency's relapse in the afternoon resulted in index-linked selling. Attempts to support the market by buying futures were unsuccessful, said Mr Graham Biggart at Schroder Securities.

Volume was thin as individual investors stayed away. "The market still lacks energy for a major rally," said Yasuhiko Morita at Cosmo Securities. Declining sectors included distributors and house-builders, while pharmaceuticals and engineering were firm.

Daiichi Pharmaceutical closed up Y50 at Y2,630 and Green Cross rose Y80 to Y1,830. Car makers, which rose on Tuesday, lost ground. Nissan Motor dropped Y30 to Y1,090 and Toyota Motor went down Y30 to Y2,420. Other losers included Bank of Tokyo which lost Y80 to Y1,300, Dai-Ichi Kangyo Bank which declined Y50 to Y2,200 and Sumitomo Bank which dropped Y10 to Y2,360.

Mitsubishi Mining and Cement, which said on Tuesday it would merge with Mitsubishi Metal in December, drew net buy orders of 400,000 shares. It closed up Y12 at Y698. Mitsubishi Metal, expected to report annual sales of Y900bn, lost Y8 to Y762.

In Osaka, the OSE average closed up 27.34 at 31,826.45. Volume rose to 70.7m shares from the 50.8m traded on Tuesday.

Roundup

BARGAIN-hunting prevailed over a soft Tokyo market yesterday, especially in Kuala Lumpur and Singapore.

KUALA LUMPUR extended, and accelerated Tuesday's gains, the KLSE composite index putting on 16.35, or 3 per cent to 555.19. Buying interest intensified towards the end of the day, gainers outnumbered losers by 199 to 14 and individual investors, special situations and speculative stocks held the floor.

According to David Bates of First Pacific Securities, forced selling of shares by some brokers, following a new ruling on margin trading, was one reason why the index fell from over the 600 mark on March 26. That selling, he believes, stopped on Tuesday.

SINGAPORE climbed after Tuesday's token recovery, and an upsurge in corporate finance activity. The preliminary Straits Times index gained 13.02 to 1522.40.

Volume inched up to 61.5m shares and S\$158m from 59.6m and S\$131m. Singapore Land, target of a takeover bid from UIC, closed unchanged at S\$15, the UIC bid level.

HONG KONG saw the Hang Seng index up 17.65 to 2,959.98 as turnover rose from HK\$791m to HK\$957m. Hongkong Bank gained 5 cents to HK\$7.15, while Hong Kong & China Gas closed 60 cents higher at HK\$25.70. Both are expected to announce final dividends and scrip issues today.

TAIWAN staged a minor rebound, the weighted index rising 56.09 to 9,781.98 after a six-day decline which added up to a drop of 1,437.6, or 12.89 per cent. However, caution was the keynote as volume eased from 1.06bn shares and NT\$86bn to 986m and NT\$77bn.

AUSTRALIA was dominated by heavy trading in Elders IXL on concerns about the financial position of its controlling shareholder Harlin Holdings. The stock fell to a two-year low of A\$1.80, with 9.98m shares traded, before closing one cent down at A\$1.87. The All Ordinaries index fell 6.1 to 1,505.8 on turnover of 73m shares and A\$185m after Tuesday's 62m and A\$136m.

NEW ZEALAND succumbed to profit-taking after three days of strong gains. The Barclays index ended 28.87 lower at 1,722.22, wiping out most of the rise earlier this week.

BOMBAY closed to allow brokers to complete settlement work after staff went on strike on Tuesday for more pay. Trading was to resume today for one hour. On Monday shares had rallied on expectations of good corporate results and the BSE index rose 11.20 to 781.17.

SOUTH AFRICA

JOHANNESBURG was narrowly mixed in thin trading as the gold price stabilised around \$374 an ounce. Among gold stocks, Vaal Reefs slipped R2 to R362 while Southvaal was steady at R163. De Beers firmed 50 cents to R84.50.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 10 1990						MONDAY APRIL 9 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	135.51	−1.3	122.88	117.85	−1.2	5.87	137.36	124.21	119.22	158.31	133.38	128.80
Austria (19)	276.57	−1.0	250.79	243.08	−0.9	1.09	279.37	252.64	245.34	285.63	193.15	119.05
Belgium (61)	146.59	−0.3	132.93	126.35	−0.3	4.53	147.02	132.95	126.71	160.02	132.11	132.31
Canada (120)	140.60	−0.4	127.49	118.25	−0.4	3.41	141.21	127.70	118.77	153.61	137.42	134.54
Denmark (36)	250.38	−0.6	227.04	219.99	−0.6	1.46	251.83	227.72	221.26	260.82	236.69	173.40
Finland (26)	137.12	+0.3	124.34	115.01	+0.4	2.60	136.73	123.64	114.59	152.29	130.39	154.52
France (125)	161.64	−0.3	146.57	143.96	−0.4	2.72	162.17	146.65	144.49	162.17	141.69	118.32
West Germany (94)	133.71	−0.5	121.25	117.52	−0.5	1.84	134.35	121.49	118.14	137.71	122.05	86.19
Hong Kong (48)	121.57	−0.6	110.24	121.72	−0.6	5.10	122.28	110.57	122.45	124.24	112.24	127.60
Ireland (17)	187.56	+0.1	170.08	166.37	−0.1	2.58	187.41	169.47	166.55	198.57	181.49	144.32
Italy (96)	99.23	−0.1	89.98	92.02	−0.1	2.50	99.32	89.82	92.13	102.11	91.85	80.73
Japan (454)	134.03	−3.1	121.54	134.33	−2.4	0.61	138.29	125.05	137.63	197.26	124.40	188.80
Malaysia (35)	211.16	+1.2	191.47	222.09	+1.3	2.43	208.65	188.68	219.22	245.32	208.65	167.61
Mexico (13)	392.51	+0.3	355.93	1194.12	+0.3	0.43	391.18	353.74	1190.06	409.41	324.53	169.38
Netherland (43)	138.67	−0.5	125.74	120.47	−0.5	4.69	139.36	126.03	121.11	145.66	130.43	118.25
New Zealand (17)	62.66	+1.0	56.82	57.51	+1.2	7.62	62.04	56.10	56.83	75.36	60.31	67.55
Norway (25)	228.52	−1.4	207.22	203.40	−1.3	1.64	231.75	209.57	206.11	245.90	202.34	177.37
Singapore (26)	186.86	+0.6	169.44	161.80	+0.7	1.85	185.80	168.01	160.62	199.38	179.70	144.05
South Africa (60)	185.48	−0.5	168.19	159.84	−0.8	3.70	186.33	168.50	161.31	251.39	180.87	138.69
Spain (42)	141.96	+0.5	128.73	115.34	+0.5	4.60	141.29	127.76	114.79	165.19	132.84	153.76
Sweden (35)	180.29	−0.1	163.48	163.34	−0.1	2.41	180.46	163.19	163.50	206.95	173.89	155.32
Switzerland (64)	91.36	−0.7	82.85	84.76	−0.6	2.30	92.01	83.21	85.31	99.12	88.75	76.32
United Kingdom (307)	147.09	−0.8	133.38	133.38	−0.5	4.94	148.27	134.08	134.08	164.31	144.89	142.89
USA (537)	138.24	+0.2	125.36	138.24	+0.2	3.47	137.94	124.74	137.94	145.40	130.61	121.54
Europe (990)	139.82	−0.5	126.79	124.33	−0.4	3.56	140.56	127.10	124.88	146.66	135.57	117.88
Nordic (122)	187.53	−0.4	170.05	160.62	−0.4	1.94	188.35	170.32	161.51	201.89	185.01	151.06
Pacific Basin (661)	133.61	−2.9	121.15	133.11	−2.3	0.96	137.60	124.43	136.20	192.75	124.63	183.79
Euro–Pacific (1651)	136.48	−1.9	123.75	130.25	−1.5	2.04	139.16	125.84	132.26	174.18	130.35	157.43
North America (657)	138.29	+0.2	125.40	136.95	+0.2	3.47	138.04	124.83	136.70	145.78	131.02	122.22
Europe Ex. UK (683)	133.54	−0.4	121.09	118.31	−0.4	2.72	134.01	121.18	118.76	135.73	124.81	102.19
Pacific Ex. Japan (207)	127.85	−0.7	115.93	115.78	−0.8	5.22	128.77	116.45	116.48	139.32	126.77	123.82
World Ex. US (1844)	137.24	−1.9	124.44	130.48	−1.5	2.10	139.83	126.45	132.42	173.77	131.30	156.45
World Ex. UK (2074)	135.49	−1.2	122.86	132.93	−0.9	2.33	137.09	123.97	134.17	162.00	130.80	142.90
World Ex. So. Af. (2321)	136.21	−1.1	123.51	132.74	−0.9	2.57	137.78	124.59	133.93	161.84	131.95	142.91
World Ex. Japan (1927)	139.17	−0.1	126.20	132.28	−0.1	3.57	139.36	126.02	132.42	145.52	135.25	120.86
The World Index (2381)	136.51	−1.1	123.78	132.93	−0.9	2.58	138.08	124.88	134.12	162.05	132.25	142.89

Constituent changes 11/4/90: Insertion: Forbo (Registered)(Switzerland).Name change: Malayan Breweries to Asia Pacific Breweries (Singapore).